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ESTABLISHED 1887

Japanese Cut Chip Output

Goal Is to Avert U.S. Sanctions on **Semiconductors**

> By Susan Chira New York Times Service

TOKYO - Japanese trade officials announced on Monday mea-sures aimed at averting U.S. sanctions against Japanese makers of semiconductors.

The officials also hinted that Japan would retaliate if sanctions imposed. Pressure for sancwere imposed. Pressure for sanc-tions has been mounting in Wash-

ington.

Trade ministry officials announced, as they had indicated last week that they would, a cut in production of semiconductors, the memory chips that store and retrieve data in computers and other

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The officials also released the summaries of two letters sent by senior trade ministry officials to their U.S. counterparts, explaining the steps Japan is taking to uphold a semiconductor agreement between the two countries.

Masaji Yamamoto, deputy di-rector-general of the Ministry of International Trade and Industry's machinery and information industries bureau, said that the ministry had asked makers of the computer chips to cut back production of several chips by 11 percent between April and June.

Ministry officials hope this move will help force prices up in Japan and reduce supplies of chips available for "gray markets," where chips are being sold below cost, a practice known as dumping. In the letters sent to Washington,

Hajime Tamura, minister of international trade and industry, and Makoto Kuroda, vice minister for international affairs, argued that such measures demonstrated that Japan was doing its utmost to up-hold last July's semiconductor

The agreement committed Japarese manufacturers, which include Toshiba Corp., Hitachi Ltd., Fuusu Lid, and NEC Corp., to main-

alic unformment prices at fair market-alue in the United States. But U.S. officials have charged at Japanese companies are connuing to dump chips in third-unitry markets outside the United Thatcher Vision: Crusade unitry markets outside the United tates and Japan and that sales of

Mr. Tamura and Mr. Kuroda said : their letters that the trade min. had called in top Japanese chip . "sers and asked them to aride by the agreement and had heiped to establish an agency to promote imports of foreign-made

The letters were sent to Secretary State George P. Shultz, Secretary See CHIPS, Page 19

Kiosk

Steen Gravely III, aptors Report

BEIRUT (AF) — Moslem inappers said Monday that American hostage, Alann zen, was sick and "may die thin 10 days." They offered free him if the United States essured Israel to release 100

essured Israel ab prisoners.
A handwritten A handwritten Arabic stateest delivered to the Beirut spaper An Nahar was Control of the second of the s ration of Palestine, which s Mr. Steen, 47, two other - Board crican professors and an In-1 educator who were kidped Jan. 24 at Beirut Uni-



na, 25 years after U Win seized control, a exhausted, impovhed country. Page 6.

ERAL NEWS

shammar Gadhafi said that ould be willing to accept nuclear missiles on Liby-

AN RESTRUCTURES pan, the strength of the forcing a painful shakemany of the basic indusat created the country's r prosperity. cial report, Pages 7-12.



PARIS, TUESDAY, MARCH 24, 1987



Willy Brandt, right, on his way to a meeting Monday at which he resigned as leader of the Social Democrats. At the center of the dispute was his



decision to appoint a Greek, Margarita Mathiopoulos, left, as the party's spokeswoman. With Miss Mathiopoulos is Peter Glotz, a party official.

U.S. Pushes Farm Crisis to Top of Its List

By Peter T. Kilborn New York Tunes Service

WASHINGTON - Reagan adinistration officials say the cost of aiding farmers has become such a burden to so many countries that the United States wants to push the problem to the top of the list of international economic issues to be negotiated this year.

"They've got to talk about agri-culture," said W. Allen Wallis, undersecretary of state for economic affairs and the head of the administration team that is preparing for the seven-nation economic summit conference in June in Venice. "I'd say clearly that's the most

important economic problem today -more important than trade, debt and so on," he said. "Agriculture has more potential for all sorts of devastating consequences."

something that one country can do payments, subsidies and restric-

Such views are common in Europe as well. In a speech here this month, Britain's agriculture minister, Michael Jopling, said "there is a growing consensus about the need for targent action" on farm

Farming worldwide is plagued by overproduction and depressed prices, problems that, most countries agree, are largely the consequence of domestic economic poli-

While the battles among the big industrial powers have been dominated again this year by conflicts over growth, currency values, trade, finances and loans to developing countries, agriculture has drawn increasing attention as it has become evident that farm policies affect all these issues.

M. Alan Woods, a deputy U.S. In the past, farm policy has been trade representative, said: "It's a matter that countries kept off the sector of the world economy that is table at multilateral negotiations. in absolute chaos. It has to be Successful negotiation presumably brought under control, and it's not would require concessions in the Japan spent \$15 billion.

their farmers.

Elected governments have been unwilling to trade away programs so dear to their politically powerful farm constituencies. But in farming, as in many other

economic areas, attitudes have been changing. For one thing, spending on agriculture has grown so huge that it is crowding aside the demands of other powerful inter-

In the United States, aid to farmers is expected to total \$27 billion in a year in which the federal budget deficit is projected to be \$180 billion. With Congress and the administration now committed to cutting the deficit, mostly through reductions in spending, agricultur-al costs emerge as a highly visible

The problem is similar elsewhere. The 12-nation European Community spent \$23 billion on farm-support programs lest year;

tions on imports that nations grant—the business of farming becomes caught up in the spreading web of economic interdependence among nations. One country's farm-sup port policies affect world prices and the economies of other coun-

tries as surely as do changes in the

values of currencies. President Ronald Reagan put the subject on the international negotiating table last year at the economic summit conference in Tokyo. The other participants agreed with the president that agricultural policies in one country often affected other countries and that talks on

the issue were needed. That consensus helped put agritrade talks that are to begin next war,

attend in June to broaden the de-See FARM, Page 2

Afghan Jets Pressure for change also arises as Bomb Village In Pakistan

NEW DELH! - Afghan planes bombed a village Monday inside Pakistan, killing at least 51 people and wounding 105, according to the Pakistani authorities.

The attack, the third in a month, came shortly after noon and destroyed houses and buildings in Teri Mangal in the mountainous Kurram Agency, a staging area for U.S.-backed Afghan guerrillas batculture among the topics that the tling Soviet and Afghan forces in-world's trade ministers listed for side Afghanistan, according to negotiation in the round of free-news agency reports from Pesha-

The Afghan air raids are widely Mr. Reagan now wants to use the seen as a military campaign by the summit conference that he is to Soviet-backed government to exert pressure on the Pakistan government to stop providing support and sanctuary for the Afghan guerrillas. The border raids have been ac-

companied by bombing incidents in the Peshawar area, the capital of Province and headquarters for the guerrilla alliance.

area have become increasingly concerned over the presence of from two to three million Afghan refugees, who have strained the local economy and fueled separatist demands by regional tribes suspicious of outsiders.

The tension has influenced policymakers in Islamabad to press for an end to the seven-year Alghan war, provoking concern in Wash-

ington that Pakistan may capitulate to Soviet demands. The earlier bombing raids, which

left more than 100 people dead. occurred a month ago, just before a meeting in Geneva between Pakistani and Afghan officials. The talks lasted two weeks but made little headway.

The Pakistan authorities said at the time that they would retaliate in the event of further bombing attacks.

Pakistani officials said recently in Islamabad that they had been disappointed by the inactivity following Soviet suggestions late last year that Moscow might now be ready to end its Afghan involvement. Islamabad is now hoping that U.S.-Soviet contacts might

lead to a breakthrough.

The towns and villages bombed in the recent Afghan raids are in remote areas populated by semiautonomous tribes that have traditionally fought dominance by any foreign power. They are treated as there is little government presence

By Richard M. Weintraub

the chairmanship he has held since

into a series of state elections.

Brandt Resigns In Bonn Amid Party Uproar

By James M. Markham New York Times Service

BONN - Willy Brandt, the forner West German chancellor and Nobel Peace Prize laureate, resigned Monday as chairman of the opposition Social Democratic Par-

Mr. Brandt announced his decision at a closed-door meeting of the party leadership called to deal with his decision to name a 30-year-old Greek woman as the party's

The designation of Margarita Mathiopoules, a Brandt family friend who is not a party member, provoked a storm of protest from the Social Democratic rank-andfile and led some to demand that

Mr. Brandt, 73, step aside.
The outrage intensified when it was disclosed that Miss Mathiopoulos had been considered for a

spokeswoman's post in Chancellor lelmut Kohl's government. Miss Mathiopoulos is not a West German citizen.

Monday afternoon, Miss Mathiopoulos announced that she would

not take the job. "I am not afraid of any kind of conflict," she said, "but I am persuaded that Willy Brandt could be harmed through my designation. I

could not support that." Several hours later, Johannes Rau, the party's defeated candidate in the January parliamentary elec-tion, broke the news that Mr. Brandt had decided to resign from

Mr. Rau, a deputy party chair-man, said that Mr. Brandt regarded the Mathiopoulos controversy as a "only a symptom" and that he had chosen to resign to spare the Social Democrats strife as they headed

The two principal contenders to succeed Mr. Brandt are Hans-Jochen Vogel, the party's parliamen-tary leader, and Oskar Lafontaine, rain occupied by the Social Demo-43, premier of the Saarland and a crass and the anti-NATO Greens. leading figure in the party's left

board nominated Mr. Vogel as Mr. the Greens.

Brandt's successor, making it all but certain he will be elected at a

The board's vote was 32-1, with one abstention, a spokesman said. Mr. Lafonataine is expected to become deputy party chairman, the spokesman said.

Mr. Vogel, 61, is a former justice minister and mayor of Munich and West Berlin. He was the party candidate when the Social Democrats were defeated in the 1983 parlia-

mentary elections. Once one of the commanding figures in postwar West German politics. Mr. Brandt in recent years saw his general esteem tumble as he became embroiled in petry disputes and appeared to many to steer

West Germany's opposition party on an unpredictable course. An exile in Scandinavia during the Nazi period. Mr. Brandt returned to his homeland in the post-

war years and became mayor of West Berlin in 1957. From 1966 to 1969, he was foreign minister and initiated a policy of diplomatic opening to Eastern Europe, known as Ostpolitik.

In 1969, he became the federal republic's first Social Democratic chancellor and two years later was awarded the Nobel Peace Prize for his Ostpolitik and other efforts at reconciliation with the eastern nations overun by the Nazis in World

War II. He was forced to resign as chan-cellor in 1974 after an East German sny was unmasked in his entourage. He continued as party chairman under Chancellor Helmut Schmidt, a fellow Social Democrat, but encouraged leftist opposition to Mr. Schmidt's Atlanticist foreign poli-

After Mr. Schmidt was toppled in 1982, Mr. Brandt said he discerned an emergent new majority in West Germany to the left of the

But he never overtly embraced On Monday evening, the party between the Social Democrats and the idea of a governing coalition

in the Peshawar area, the capital of Pakistan's North-West Frontier In Iran-Contra Puzzle, Where Does Bush Fit In?

By David Hoffman

WASHINGTON — At a crucial White House meeting about the secret Iran initiative on Dec. 7, 1985. President Ronald Reagan and his top advisers debated whether to continue sending missiles to Iran and discussed the prospect for the

NEWS ANALYSIS

release of American hostages in l chanon. Vice President George Bush did not attend the meeting. He was at the Army-Navy football game in

Almost eight months later, while touring the Middle East, Mr. Bush was told by Amiran Nir, a counterterrorism adviser to Shimon Peres. then the Israeli prime minister, that the United States was dealing with radical factions in Iran and selling missiles while seeking freedom for

the U.S. hostages.

Mr. Bush had only one known reaction to this. He directed that a memo about the meeting be sent to the National Security Council.

These two events illustrate one of the most enduring puzzles of the lran-contra affair: What happened

to George Bush? In all the reports and documents that have been made public so far,

Mr. Bush comes across as a mystery man. More than any other ma-

jor figure in the administration, lit-

tle is known about what he said and what he did during the gravest crisis of the Reagan presidency. Mr. Bush was absent from many

key meetings, apparently because others in the White House sought to exclude him. At the same time, he attended some of the most vital deliberations, but there is little or no evidence that he was an active participant. While Secretary of Defense Ca-

spar W. Weinberger and Secretary of State George P. Shultz voiced objections to the Iran scheme, Mr. Bush often remained silent, according to statements by others who were there. Former Secretary of State Ed-

mund S. Muskie, a member of the Tower commission board that investigated the affair, said:

"As far as the vice president is concerned, in the story that we developed, largely with the help of people's recollections, the vice president is noteworthy more for his absence than his involvement in this whole unfolding tragedy."

Mr. Bush hopes to base his campaign for the presidency on the legacy of the Reagan years and his own long experience in high gov-ernment positions, including that of director of central intelligence. His political advisers have privately described Mr. Bush's experience as a "stature advantage" over his

Throughout the Reagan years. Mr. Bush has sought to have a more detailed grasp of complex foreign policy and national security issues than the president.

Every day, the vice president is given a special intelligence briefing from the CIA, which is more extensive than Mr. Reagan's, Mr. Bush has also been given several special foreign policy troubleshooting assignments, ranging from an important mission to Western Europe on arms control in 1983 to heading a task force on terrorism in 1985 and 1986. Mr. Bush has also had unparalleled access to the president.

But the picture of Mr. Bush in the reports made public so far is not that of an experienced policy maker who foresaw the pitfalls and flashpoints of the Iran initiative. Rather, Mr. Bush appears to have quietly supported many of Mr. Reagan's decisions to proceed with the sale of weapons to Iran.

By these accounts, Mr. Bush did not try to cool the president's ardor for winning release of the American hostages in Lebanon. Nor did See BUSH, Page 2

Reports of divisions over arms deals and leadership embarrass Iranians, Page 6.

American-maile chips have not indreased in Japan. Mr. Tamura and Mr. Kuroda In Defense of the West By Karen DeYoung Washington Post Service illibose some order. LONDON - When she goes to

Moscow to meet Mikhail S. Gorbachev next week. Prime Minister Margaret Thatcher told a Conservative Party gathering over the weekend, "my goal will be a peace based not on illusion or surrender, but on realism and strength." Mrs. Thatcher has publicly re-

jected speculation that she will undertake negotiations for the West on arms-control issues during her five-day Soviet visit. That role, she has emphasized

belongs exclusively to the United States. The visit, which will include meetings with the Soviet leader, begins on Saturday. But the British news media, with encouragement from Mrs. Thatcher's press office, are portraying the trip as evidence of her "big-league" status in the Western alliance. Her aides say the visit will enhance her

But Mrs. Thatcher and her aides popular at home.
"She's a woman who sees herself also view the visit in a larger con-text. With Moscow and Washington both struggling with domestic issues as they move closer to an agreement on nuclear missiles in Europe, and Western Europe fearing that the United States may gaged in what she considers "the back away from its commitment to the alliance, the trip may provide

her with an opportunity to try to

Her first official trip to the Soviet Union comes at a time when Mrs. Thatcher perceives herself as the strongest and most realistic leader in the Western alliance.

As she is about to enterther ninth year in office, the portrait that emerges from Mrs. Thatcher's statements and recent interviews with senior British officials and Western diplomats is that of a crusader who believes in responsibility beyond her own shores.

These include "doing business" in a no-nonsense way with the Soviet Union, reining in President Ronald Reagan's administration, and forging a foreign-policy consensus among her West European col-

leagues. "She is the leader of the Conservative Party, the prime minister of Britain, and the defender of the faith," a diplomat said. In that context, the diplomat said, she decided to assist the United States in its already favorable prospects in general elections that are likely to be raid on Libya last April, despite knowing it would be politically un-

> as a defender of Western values," he said, "a role reserved only for a very few - especially few Europe-

At home, Mrs. Thatcher is en-See THATCHER, Page 2



Mrs. Thatcher and President François Mitterrand of France discussed nuclear independence. Page 2.

Kuwaitis Fear Effect of War on Shopping-Mall Life compete with Mercedes-Benzes for and a half years, and Kuwait's cent of the work force, which in-

By John Kilner New York Times Service KUWAIT - It is 9 o'clock on a Saturday night at the Sultan Center, and Kuwaitis are doing one of

the things they do best: consuming. The Sultan Center is a huge supermarket, and up and down its aisles men in spotless white robes and women with spike heels poking from beneath their wraparound black chadors are pushing shopping carts from the huge piles of import-ed fresh vegetables to the bins of frozen Wonder Bread to the TV Guides hard by the computerized

cash registers. An escalator rises from the center of the store, which is open 24 hours a day, to a second story. There, hardware, sporting goods and rows of automobile accessories attract groups of young men, and a Western-style lunchroom, one of the most popular gathering spots in town, is perpetually jammed. In the of outside, flashy American cars

parking spaces.

Oil has brought this Gulf emirate - really just a boom town surrounded by sand — from souk to

the Arabic for "little fort" But now the landscape is dominated by freeways, glass-and-steel

oil profits abroad, including a cept it is bordered by two Russias. Fund for Future Generations of 10 Iran is very close, but Iraq is clospercent of oil revenues, untoucher."

ingly fearful

shopping mall virtually overnight. domestic situation here," a West-runs two pages written in Urdu. There are a few carefully preserved ern diplomat said, noting a series of pieces of mud wall here and there developments, including the recent November that 26,898 people had ble ranging from the views of aging from the area's days as a fortress arrest of a band of Shiite Moslem been deported during the year for Nasserites to those of Moslem funtrading post. Its name derives from Kuwaitis for blowing up an oil security reasons. Diplomats put the damentalists. Parliament was loading dock, that have marred the veneer of tranquillity here.

"Kuwait has gambled very much buildings and huge villas whose on the Iraqis' maintaining the uponly restraints are the taste of the per hand, but the strategic balance seems to be shifting slowly but asked for a respite. A skillful government program surely toward Iran," the diplomat of investing at least \$70 billion of said. "Kuwait is like Finland, ex-

able until 2001, has blunted the impact of falling oil prices.

But clouds hang over this airthe country are Kuwaiti citizens, cumulates without work. Its two as guaranteed housing, including giant neighbors, Iran and Iraq, maid's quarters.

have been locked in combat for six Kuwaitis make up only 18.7 per- town at the moment is the House of the Gulf war, terrorism and the

comfortable ruling elite is increas- cludes many Tranian Shiites and with a great curving roof that con-Palestinians and so many workers jures up the folds of a Bedouin tent. There is a very close relation- from the Indian subcontinent that ship between the conflict and the the English language newspaper showplace of a democracy that Ku-

> Police officials announced in governmental system, were sent tors.

The Shiites, who make up about planting Lebanon in having the feared because, a diplomat said, world. emir on the wall and Ayatollah summer. Khomeini in their drawer."

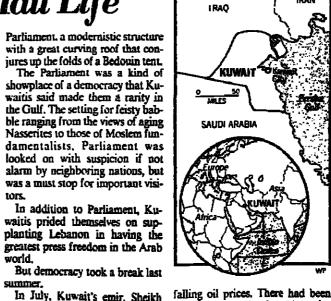
The biggest white elephant in sorship. He cited the pressures of

The Parliament was a kind of waitis said made them a rarity in

figure higher, estimating that about looked on with suspicion if not 40,000 Palestinians, the group that alarm by neighboring nations, but largely built the educational and was a must stop for important visiback to Jordan until King Hussein In addition to Parliament. Kuwaitis prided themselves on sup-

a third of the population, are also greatest press freedom in the Arab "they might have the picture of the But democracy took a break last

In July, Kuwait's emir, Sheikh With all the looming problems, Jaber al-Ahmad al-Sabah, who Kuwaitis seem largely unconcerned rules under what is called here the conditioned Eden where wealth ac- although all share such oil benefits about one of the biggest develop- "one-family concept," dissolved ments, the demise of Parliament. Parliament and imposed press cen-



several spectacular bombings, including a failed suicide car attack on the emir himself. "Democracy is shaking," the

emir said, adding that Kuwait was See KUWAIT, Page 6

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Gadhafi Says He Would Accept Soviet Missiles on Libyan Soil

By James Barron
New York Times Service
NEW YORK — Colonel Moammar Gadhafi, the Libyan leader, says he is willing to allow Soviet nuclear missiles on Libyan soil.

Libya will in fact declare that it is a Communist country and join the Warsaw Pact and deploy Soviet missiles on the coast of the Mediterranean," the Libyan leader said in an interview with NBC News. The portion of his statements that was broadcast did not indicate that

such a decision had been made. "When we become one military camp, nothing will be prohibited," Colonel Gadhafi said. "That means when Libya becomes a Communist country, then that's final. The United States knows if it continues its aggression this could lead Libya to join the Soviet side, and that's going to overturn the balance of

possibility of an alliance with the or station troops on Libyan soil.

Warsaw Pact. But it apparently was

Last week, according to the NBs the first time that he said Soviet missiles could be stationed on Libyan soil or that he would give his approval to a Soviet naval base at Tobruk, on the Mediterranean.

Russians would take up such an considered it a convention of ter-offer. In the last year, the Kremlin rorists. has distanced itself from some of Colonel Gadhafi's activities.

American jets bombed Libya in rerorists on a Berlin discotheque that dal, who is believed to have been was a popular gathering place for behind the 1985 massacre at Rome American soldiers. The terrorists airport. were believed to have links to Lib-

It was not the first time that in Libya, but Colonel Gadhafi has Colonel Gadhafi has discussed the not allowed Moscow to build beses

Last week, according to the NBC broadcast Sunday, several radical Palestinian leaders visited Libya at Colonel Gadhafi's invitation. In the interview, Colonel Gadhafi said obruk, on the Mediterranean.

It was a unity meeting, but he added that he did not care if the world

A spokesman for NBC News said the Palestinians included Colonel Gadhafi's comments Nayef Hawatmeh of the Democratwere made almost a year after ic Front for the Liberation of Palestine and a representative of Sabri taliation for a bomb attack by ter- el-Banna, also known as Abu Ni-

Colonel Gadhafi said that if the radical Palestinians were terrorists, Soviet advisers have been posted "then I, too, am a terrorist."

THATCHER: A Crusader in Defense of the West

(Continued from Page 1) socialism, radicalism," and her own conservative values, he said.

Mrs. Thatcher has asked for another term in office to completely "eradicate" the opposition Labor Party's brand of socialism from Britain and steer the country toward what she has described as a more American-style political system, in which the two main parties believe in fundamentally the same

'Thatcher plays a special role" in the Western alliance," an official said. "She has been around a long

Over the past several years, Mrs. Thatcher has removed virtually all

leagues do not have.

During the early 1980s, Mrs. Thatcher's personal status in West-cording to the same official. ern Europe was undermined by an

Thatcher Urges Caution In Arms Talks With Soviet

BONN - Prime Minister Margaret Thatcher of Britain, in talks Monday with French and West German leaders, urged a cautious approach to arms control negotiations with Moscow, emphasizing that the West could not afford any mistakes.

Mrs. Thatcher held consulta-tions with President François Mit-terrand of Françe in Normandy and then flew to Boan to meet with with Chancellor Helmut Kohl. She will fly to Moscow on Saturday.

British sources said the prospect of a U.S.-Soviet pact to eliminate medium-range missiles from Europe dominated the talks.

Mrs. Thatcher, at a press conference with Mr. Kohl, said; "We talked about the arms control negotiations in detail, being very aware, both of us, that we are responsible for the defense of our own countries and part of the

"Defense weaponry is so complicated these days and the time taken to produce it so long that one can never afford to make a mistake." she continued. "Indeed, one mistake could mean that we could never catch up if anything were to

happen."
Mr. Kohl said it was important that Mrs. Thatcher have the support of her West European allies in her talks with Mr. Gorbachev.

This trip is taking place at a highly important moment," Mr. Kohl said. "In the Soviet Union a goal, another official here said, good many things have started to "was to put the program on track, move under Gorbachev. None of us saying SDI is good, but it has to be knows where this movement will negotiated with the Russians, and lead to."

Mrs. Thatcher and Mr. Mitterrand earlier made clear that they would reject any attempt to include their countries' independent nuclear forces in Soviet-U.S. arms con-

trol negotiations. The U.K. and French independent nuclear deterrents are not in- gan administration. volved in these negotiations," Mrs. Thatcher said after her talks in France. "They are crucial, and their continuance is crucial, to the defense of our two countries."

Mrs. Thatcher's visit to Moscow, said he had not given her any general mandate to speak on France's behalf, but on this issue, "Mrs. Thatcher can very well say it on behalf of our two countries.

Guilty Plea Given in N.Y. AIDS Killing

MINEOLA, New York - The murder trial of a 19-year-old homeless man ended abruptly Monday when he pleaded guilty to manslaughter for killing a man who told him be had AIDS after they had had a sexual encounter.

Lorenzo D. Owens told Judge Richard C. Delin in Nassau County Court that he slit the throat of Kenneth Grice, 22, in Mr. Grice's home on April 20, shortly after the two had sex. Mr. Owens faces a maximum term of 25 years in prison. He is to be sentenced on April

The case drew the attention of

"Will my

when we

child

adjust

easily

come

home?"

homosexual rights advocates, who said that if Mr. Owens were found not guilty it would foster more irrational responses to acquired im-rune deficiency syndrome. No cure has been found for the fatal

4 Die in Crash of U.S. Copter Agence France-Presse

MANILA - Four U.S. Navy servicemen on a routine training flight were killed Monday when their helicopter crashed into a river northwest of Manila, a spokesman at Subic Bay Naval Base said.

"Will my

son miss

the sports

out on

field?"

time, she has no real domestic rival, nal European Community battles, she has a cohesive, long-term and by her apparent closeness with the United States at the expense of her European colleagues.

More recently, however, she has senior officials who disagreed with made a visible effort to turn her the style or substance of her gov- attention toward creating a European consensus on several key is-In the view of those remaining, sues. At the same time, she has used her government's cohesion gives her relationship with President her advantages her European col-leagues do not have. Reagan to "keep the Americans on the straight and narrow," especially on East-West defense issues, ac-

often beiligerent attitude in inter- her first effective use of this influence from 1983, when Mr. Reagan announced his plans for a space-based missile defense, the Strategic Defense Initiative.

Europe greeted SDI with varied views reflecting concerns about whether it would be consulted on testing and deployment of the system, what part it would play in technological development, and whether the program would undermine the 1972 anti-ballistic missile

In early 1984, Mrs. Thatcher traveled to Washington for private meetings with Mr. Reagan. The arms control must go on." The disappointment in the meet-

ings between Mr. Reagan and Mr. Gorbachev in Iceland in October was another major step in what is seen here as Mrs. Thatcher's developing role as spokeswoman for Europe and go-between with the Rea-

Mrs. Thatcher, and most of her senior West European counterparts, considered the Iceland meeting an "absolute and utter disas-

After Mr. Reagan and Mr. Gorbachev failed to reach an agreement eliminating strategic nuclear weapons within 10 years, it was Mrs. Thatcher who carried the European message of displeasure to Washington.

She emerged from a second meeting with Mr. Reagan in November with an agreement that circumscribed U.S. goals, and committed Mr. Reagan to consulting the allies before altering the U.S. negotiating position at further Fast-West talks.

"It's not a formalized consensus." an official here said. But he said Mrs. Thatcher talked to Chancellor Helmut Kohl of West Germany, President François Mitterrand and Prime Minister Jacques Chirac of France.

"She sees these people often," he said. "When she goes to Washington, she is confident she knows what the others are thinking. And, satellite supplied by the U.S. govin Paris and Bonn, they know that if they've got a message, there's no better messenger."

"Can my

daughter

study for

Diploma?"

her I.B.



cording to the same official. Mrs. Thatcher's supporters date Rome Killing Was SDI Protest, Group Says

ROME - An urban guerrilla group said Monday that it had as-sassinated the Italian Air Force general in charge of air and space weapons procurement to protest Italy's participation in President Ronald Reagan's Strategic Defense

men on a motorcycle as he was being driven home from work, was red star inside a circle that is the buried Monday in Rome. Political, Red Brigades' emblem.

attended the funeral.

Brigades, gave newspapers in sively was underlined. Rome, Milan, Turin and Genoa hidden in photo booths and toilets.

"No to Italian adhesion to star General Licio Giorgieri, 62, who wars — Italy out of NATO," was was shot and killed Friday by two printed on the cover of a 14-page printed on the cover of a 14-page leaflet, which bore the five-pointed

The leaflet said the group killed General Giorgieri "exclusively for his responsibility exercised follow-Callers identifying themselves as members of the Union of Fighting ing the Italian adhesion to the star Communists, a wing of the Red wars project." The word "exclusive to the control of the control of

Italy agreed in September to take directions to find identical leaflets part in SDI research, but Admiral Carlo Porta, national director for arms procurement, said General Giorgieri had nothing to do with the program. Officials said the group probably was misled by his utle: director general of air and space weapons construction.

Glasgow Workers Extend Takeover At Caterpillar

International Herald Tribune

LONDON - A standoff between the U.S. multinational company Caterpillar Inc. and about 800 factory workers at its Glasgow plant intensified Monday. The workers voted to continue their 10week occupation of the plant, and the Iran arms sale as the policy was Caterpillar threatened to file a law- evolving. according to a Western suit on Wednesday to have them

"I doubt very much that this will come to a physical confrontation," Eddie McDermid, one of the plant occupants, said by telephone. We've arranged for lawyers to argue out case in court."

The workers have maintained a peaceful sit-in at the plant since Mr. Bush expressed "certain reser-Jan. 14, following an announce-ment by Caterpillar, one of the world's largest manufacturers of tractors, that it would close the plant within 15 months as part of a global retrenchment.

U.S., France Set Satellite Deal The Associated Press

WASHINGTON - The United States and France agreed Monday

on plans to launch a satellite in 1991 to observe the flow of water in oceans and how tropical oceans affect weather. It would be the first ernment to be launched by the European Space Agency's Ariane

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Bush Asserts He Expressed Iran Dissent

QUITO, Ecuador - Vice President George Bush says that he per-sonally told President Ronald Reagan that he had reservations about

Facing a political controversy clandestine sales, Mr. Bush said here Sunday, "I expressed my reservations to him as he knows and as he has confirmed." On Friday, the White House spokesman, Marlin Fitzwater, said

that as the secret arms deal evolved, vations" about the policy to White House officials. The vice president spent more than four hours in Ecuador to

pledge U.S. aid to the earthquakestricken country and to show support for President Leon Febres-Cordero, a close U.S. ally.

Mr. Bush said he would "actively

intercede" to support Ecuador's request for loans from the World Bank and Inter-American Development Bank to rebuild the country's only oil pipeline and reconstruct roads, schools and houses in the earthquake zone.

The earthquakes, two weeks ago, killed more than 1,000 people, left 30,000 homeless or jobless and stranded up to 70,000 in a remote area in northeastern Ecuador.

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Information Officer.

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BUSH: Mystery Man

president's tendency to delegate large amounts of authority to sub-Nowhere in the evidence made

Bush attempted to stop the Iran effort, as did the former national security adviser, Robert C. McFarlane. Mr. Bush has said he had reser-

vations about "certain aspects" of the Iran initiative. According to the pressed concern about how the United States was "in the grip of the Israelis" during the effort. A source said this had been a concern Mr. Bush expressed from the early

There is no record that Mr. Bush had other "reservations" about the Iran arms sales at the time they were going on. After the initiative became public, he expressed concern about the way it was handled outside of normal White House procedures, and he has said it was wrong to trade arms for hostages. Like Mr. Reagan, Mr. Bush was reluctant to acknowledge that the administration had made such a

The full story of the Iran-contra as the special prosecutor's investigation may add new details about the vice president's role in the Iran

initiative.

Mr. Bush has created much of the mystery about his role, as he has about his other activities during the Reagan years. The vice president has long made it a practice not by election, never by gubernatorial appointment. to disclose the advice he gives the president, and he has refused to say what he told Mr. Reagan in their private conversations.

walk into the Oval Office without asking anybody about it and give him my view," Mr. Bush said at a news conference last week in Florida. 'He knows that I'm not going to go out and say, 'Well, I disagree with the president on this, or I told him he ought to do this, but he wouldn't do it.'

I'm going to be supportive, and dency by publicly posturing."

Mr. Reagan, however, opened the door slightly on Mr. Bush's advice last week in his nationally tele-

vised news conference. At the end of the session, a reporter asked if Mr. Bush had ob-

ected to the Iran initiative. Mr. Reagan paused and said firmly,
"No." On Friday he revised his account, telling a spokesman that Mr. Bush had expressed reserva-tions, while supporting the policy.



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(Continued from Page 1)

Mr. Bush spot the dangers in the

public is there a point at which Mr.

affair is not yet known, and the congressional investigations as well

"What I do have is the ability to

"So when he agrees, he knows

when he disagrees, he knows I'm going to be supportive. I don't think the vice president ought to be adding to the burden of the presi-

lemand, prices have dropped

WORLD BRIEFS

Captain Held in Philippine Bombing

MANILA (AP) - The military chief of staff said Monday an apply captain has been arrested as the prime suspect in last week's bombing a the Philippine Military Academy. Four persons were killed in the attack.

General Fidel V. Ramos said the captain, who was detained last week after the bombing, was an official of the Guardians, a military fratemity group whose members were involved in an attempted coup Jan. 27 against President Corazon C. Aquino. Military officials said that disaffected military personnel many harm have been placed to be benefiting fected military personnel may have been responsible for the bombing Wednesday and that Mrs. Aquino may have been the target.

Meanwhile, Communist rebels in northern Mindanao Island proposed

a limited cease-fire during the Easter holidays next month and for congressional elections May 11. It was the first such offer since a ceasefire between rebels and government forces expired Feb. 8.

15,400 III in Chinese Chemical Spill

BELIING (Renters) — More than 15,400 people in the north China province of Shanxi suffered poisoning after a fertilizer factory released chemicals into a river used for drinking water, the China Daily reported

Monday.

The English-language paper said no one was killed in the incident, which took place in Zhangzi County in January, but that thousands of people complained of headaches, stomach pains and diarrhea. It said those responsible would be charged and brought to trial. The factory was fined 30,000 yuan (\$8,100) and its deputy director was removed, the

Many fish were killed by the 18 tons of highly poisonous ammunium bydrogen carbonate liquid that poured into the Nanzhang River when maintenance was being performed on equipment at the plant, it added.

Tunisian Said to Confess in Djibouti DJIBOUTI (Renters) -A Tunisian has confessed to planting a bomb

that killed 11 persons in a Dibouti case and said he was recruited in Syria, President Hassan Gouled Aptidon said Monday.

Mr. Gouled said that the Tunisian, Adousni Hamouda Hassan, Zi, planted the bomb on behalf of a Middle Eastern extremist organization. called the Troops of Revolutionaries and Resisters.

The Tumisian reportedly told his interrogators that he was recruited at Damascus, the president said. He did not report a specific motive for the attack. Foreign Minister Mountin Bahdon Farah said earlier that the bombing was intended to disrupt peace moves in the Hom of Africa where Djibouti's two neighbors, Ethiopia and Somalia, have begun a dialogue to resolve their dispute over the Ogaden region.

Greek Bishops Protest Land Takeover

ATHENS (Reuters) - Greek Orthodox bishops said Tuesday they would boycott a church service in Athens celebrating Greek independence Day on Wednesday to protest government plans to take over monastery lands. March 25 is Greece's most important holiday. Ieronymos, bishop of Thebes and Livadia, said nearly 100 pricets in his diocese told him they were ready to resign if a government bill on church property became law. The bill provides for 321,000 acres (129,910

hectares) of forests and meadows to be transferred to the state within six months and gives the state increased influence in church government.

The government says it will distribute the church lands to poor farmers. The bishops accused Prime Minister Andreas Paparadreou of planning to

U.S. Denies That It Stalls Arms Talks

give the land to prosperous agricultural cooperatives.

WASHINGTON (Reuters) — White House officials denied Tuesday a Soviet accusation that the United States was blocking progress on an accord to eliminate medium-range nuclear missiles from Europe. Martin Fitzwarer, the White House spokesman, described the Soviet allegation as posturing and said the tactic was familiar.

Viktor Karpov, the chief Soviet negotiator at the arms talks at Geneva, said Tuesday that there were more and more signs that Washington (hd not want an agreement. He charged that the so-called "zero option" to climinate medium-range missiles from Europe, first proposed by the United States in 1981, "was a bluff from the very start."

Evangelist Gets \$1.3 Million for Fund

TUISA, Oklahoma (AP) — A Florida millionaire gave a check Monday for \$1.3 million to Richard Roberts, the son of the evangelist Oral Roberts. The contribution was believed to have fulfilled the evangelist's \$8 million goal for a fund for medical missionary scholarships before what he has called a do-or-die deadline from God.

Mr. Roberts has been criticized since a nationwide appeal on his weekly program Jan. 4 claiming God would "call him home" if he failed to raise the funds by March 31. Officials of the Roberts ministry did not acknowledge whether the donation would put Mr. Roberts over the \$8 Tower board report, Mr. Bush ex-million goal, but they said last week that the fund drive was abour \$1

> Jerry Collins, 79, of Sarasota, Florida, who contributed the \$13 million, said he was not moved by Mr. Roberts' claim that he would die without the money. But he added: "He doesn't have to commit hara-kin now. I think he needs psychiatric treatment. He needs to relax and ge back on the main street."

For the Record

China and Portugal reached agreement Monday on the transfer of Portuguese enclave of Macao to China after more than 400 year. Portuguese officials in Beijing said the agreement called for the tri island to be handed over Dec. 20, 1999.

TRAVEL UPDATE

Japan Air Lines and Aeroflot, the Soriet state carrier, will increase or flights across Siberia, Tass said Monday, Beginning April 1, JAL will at to a sixth weekly, nonstop flight from Tokyo to Europe across Siberia. Aeroflot will make 10 flights a week to Tokyo, and will increase freight traffic from the port of Khabarovsk to Japan.

Correction

A New York Times dispatch March 19, on speculation that Senator Dennis DeConcini may be appointed director of the FBI, misstated Arizona's means of filling congressional vacancies. A seat is always filled

FARM: Aid May Be Summit Focus

(Continued from Page I) bate and push the trade talks along. The June meeting also is to be attended by the leaders of Japan, West Germany, France, Italy, Britain and Canada "The odds for success increase

when we get heads of government. sending these kinds of instructions," said Daniel G. Amstutz, an undersecretary of agriculture.
The president's commitment to the issue of agriculture makes it central even to those governments

that might prefer a different em-phasis. West Germany, for exam-ple, would give higher priority to

dealing with the budget deficit in the United States, which the Germans see as the main cause of the imhalances in the world economy. At the source of the farming problem are the basics of supply and demand. Worldwide farm production has been raising about 5 proach to take, percent a year, according to Robert Mr. Woods. L. Thompson, dean of agriculture at Purdue University. In the 1980s, Europe, India and China have be-

come exporters of farm products. The surplus production of the 1980s now mocks the accepted wisdom of the 1970s — that the world was headed toward critical shortages in food.
"We've got the problem of over-

production in a saturated world market," said Derwent Renshaw. an economist at the Washington offices of the European Communi-

With supplies of food outpacin

sharply. The richer countries help their farmers maintain incomes through direct governmental payments, subsidies and restraints on imports. That support has encouraged farmers to produce even

By subsidizing their own produc-tion, the richer countries under-mine the ability of poorer countries, where production costs are often lower, to sell their goods in the world market. This deprives them of revenues they need to develop their economies and make payments on their losns from developed countries. It is generally conceded that he least painful way for nations to

reduce their spending for farmers would be to coordinate reductions in aid so that no one country gains at another's expense. But disagree-ments arise over the precise ap-

Mr. Woods, the deputy U.S. trade representative, said some Eteropean countries favor a policy that would, in effect, create cartels to cosure all countries a piece of world agricultural markets. Others, notably Canada and Australia. want agreement on rapid and concerted reductions by all countries of the subsidies they pay to promote exports.

The Reagan administration sales

the first approach as a violation of its free-market economic philosophy. It views the second method as a partial step toward its own goal - comprehensive, step-by-step re-moval of barriers to trade.

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Pentagon vs. NASA: Debate Focuses on Jumbo U.S. Rocket

By Rudy Abramson
Les Angeles Times Service

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WASHINGTON - The Heavy Lift Launch Vehicle, a rocket insended to launch 75 tons of cargo or more at a greatly reduced cost. has become the subject of a resurgent debate over the degree of military involvement in the U.S. space to get the job done.

But he conceded that it may be

program.

The air force and the National Aeronautics and Space Administration each want to build the rocket. To the alarm of proponents of the civilian space program, the air

force has the upper hand. NASA engineers predict that two or three launchings of the jum-bo rocket could put into orbit the entire structure for a permanent manned space station in the 1990s. The rocket, they say, might even make possible the simultaneous launch of dual planetary missions.

Designers of the Reagan admin-

istration's proposed space-based missile defense system envision that the rocket will launch huge orbiting platforms from which small missiles and projectiles could be positioned to intercept enemy

According to congressional and diministration sources, President Ronald Reagan approved the Pentagon's approach at a meeting in December with Secretary of Defense Caspar W. Weinberger and Lieutenant General James A. Abrahamson. The general is director of the Strategic Defense Initia-tive Office, which runs the SDI DTOETAIN.

As a result of that session, the administration asked Congress for \$250 million to begin developing the jumbo rocket under the Pentagon's direction.

That left NASA, which was focusing on getting its space shattle flying again after the explosion of the Challenger in January 1986, on the sidelines of what it considered s own domain. It also troubled NASA's allies.

We are dealing here with a very important policy question," said Senator Donald W. Riegle, Democrat of Michigan, chairman of the science, technology and space sub-committee of the Senate Commerce, Science and Transportation Committee. "If you look at the ctirve on space spending, you see a tremendous surge on the military side, and it is obvious that any major decision such as this adds to the strength of the Department of Defer and takes away from the strength of NASA."

Representative George E Brown Ir. Democrat of California, the second-ranking Democrat on the House Science, Space and Technology Committee, said that the White House was "strongly bissed toward the military uses of space.

"The funding for the space program is now about 3 to 1 military," yr. Brown said. "We just have to segin to swing back to something closer to a 50-50 balance between lefense and civilian space if we are going to a aintain any real pro-

Earlier developments have neightened the concern about who will control the heavy-lift booster.

Among them are: • The decision to give the air force the leading role in developing the hypersonic aerospace plane and giving the military priority to use the space shuttle when it resumes

The concern of NASA's European partners over the military's role in the proposed space station. • The administration's decision to turn commercial satellite launchnës over to private industry and its

slow pace in acquiring unmanned rockets to supplement the shuttle. In Congress, Senator Ernest F. Hollings, Democrat of South Caroina is one of the air force's few supporters in its dispute with Senate Commerce, Science and Transportation Committee, which oversees NASA's budget, and

Kalb Accepts Harvard Post New York Times Service

NEW YORK - Marvin Kalb, a diplomatic reporter for U.S. televi-sion, has accepted appointment as the first director of the Joan Shorenstein Barone Center on the Press, Politics and Public Policy at the John F. Kennedy School of Government at Harvard University.

He said he favors air force management of the jumbo rocket because NASA, burdened by its recovery from the shuttle disaster and its inauguration of the space station program, would take longer

easier to win congressional approval to give the program to NASA than to the air force. "It appears clear that the intent

is for NASA to play a very minimal role," said Senator Howell Hellin, Democrat of Alabama. Senator Albert Gore Jr., Demo-

crat of Tennessee, warned that the administration's proposal would be a step along the way toward taking NASA out of the space transportation business. In that case, he said, "NASA might as well close its



Bernhard H. Goetz arriving Monday at the court for the beginning of his trial.

Trial Begins for Goetz, a Symbol of Fear of Crime

By Kirk Johnson

New York Times Service NEW YORK - More than two years ifter Bernhard H. Goetz, a passenger on a Manhattan subway train, pulled a pistol and shot four young men, questions about the shootings and the laws governing deadly self-defense still reverberate.

Monday, in one of the largest courtrooms of State Supreme Court in Manhattan, the first jurors were chosen in Mr. Goetz's longdelayed trial. Prosecutors, legal experts and others familiar with the case, including Mr. Goetz himself, say the trial, whatever its outcome, is unlikely to settle the issues raised by Mr. Goetz's acts.

dispute. Mr. Goetz, a white electrical engi- are looking for." Mr. Goetz said Friday. "In near from Greenwich Village who was 37 years old at the time and who had been to defend yourself." mugged twice before, has admitted shooting four young black men on the subway train Dec. 22, 1984, just after 1:30 P.M.

They had surrounded him, he told authorities in a videotaped statement that will probably be played at the trial, and had asked for

Convinced, he said, that he was about to be robbed and perhaps harmed, Mr. Goetz pulled an unregistered pistol, selected what he called his "pattern of fire" and pulled the trigger four times.

Troy Canty, both then 19, and Barry Allen, 18, all of the Bronx. The fourth shot missed and recorded in the subway car, and Mr. Goetz paused.

Seeing another of the youths, Darrell Cabey, 19, unharmed, Mr. Goetz said, according to his videotaped statement, "You don't look so bad — here's another." He fired again, and the bullet severed Mr. Cabey's spinal cord, leaving him paralyzed from the

waist down. From this brief confrontation, however, has flowed a complex legal case wrapped up in a passionate public debate.

"I don't think the social issues are going to Most of the facts of the case are not in be settled by this trial, if that's what people New York, you're still not allowed the right

> Mr. Goetz said he believed the trial would be a fairer one now than if it had been held two years ago, when he was indicted and accused of attempted murder, assault, reckless endangerment and illegal possession of a

> weapon.
> "It's a lot better for me now than two years ago," he said. "Public opinion has matured a great deal. A lot of people identify their interest more with me than with the people I

Legal experts say that because Mr. Goetz

elation of much new evidence. Those developments, they said, are likely

to center on three main points: • Whether Mr. Goetz was "reasonable" in his belief that he was about to be robbed, and therefore justified in using deadly force to sonable man," in the same circumstances defend himself. The prosecution must prove would do. that he was not reasonable.

• Whether his fifth shot, fired after the was generally held to be the subjective stanfour youths had fallen, must be judged by a dard only.

different legal standard or whether Mr. What will be determined in the courtroom What will be determined in the courtroom. Goetz was still "reasonably" defending him-

self from harm. Whether the judge's charge to the jury at broad interpretation, the jury could consider cumstances more fully his state of mind in light of the As for M two previous muggings he had experienced. A more narrow charge by the judge would counts if he is convicted, limit the jury, so it could consider Mr. to remain philosophical. Goetz's actions only in the context of the

scene in the subway car.

defended them as legitimate self-defense, the changed the law in New York on the justifi-important developments in his trial will be in cation of deadly self-defense, said a person interpreting the evidence rather than the rev- who acts in self-defense must be judged on

subjective and on objective levels. On the subjective level, the jurors must find that Mr. Goetz believed he was acting reasonably. On the objective level, the panel must find that his actions were what a "rea-

The previous legal measure of justification

proceedings, which began Monday with a jury pool of 136 people and a projected date of April 27 to begin testimony, is how to the conclusion of testimony will allow the measure the word "reasonable" in a fastjurors to consider the full "circumstances" in moving, potentially lethal situation, as well which Mr. Goetz found himself. Under a as what may be included in the word "cir-

> As for Mr. Goetz, who faces up to 25 years in prison on each of the attempted murder counts if he is convicted, he said he had tried

"I've gotten an education in the last two zene in the subway car.

Those issues were focused in the Goetz myself, human nature," he said. "I know case by court rulings last year, culminating in many people who are in much worse shape a decision in July by the state's highest court, than me. I can't say life has dealt me a bad the Court of Appeals. That ruling, which Mr.

Legal, Social Pressures in U.S. Curb Drunk Driving

By Andrew H. Malcolm

New York Times Service CHICAGO — Widening public and legislative support in the United States for ever-tougher laws against drunken driving and tighter enforcement of existing regulations appear to be noticeably deterring many from driving while intoxicat-

In interviews, officials of several states said that they had detected a silent shift in social attitudes against drunken driving, akin to the reduced acceptance of smoking in public. At the same time, social drinkers have been shunning hard liquor in favor of lighter drinks, like wine coolers and light beer,

Some experts see the shifts as part of a broader social trend emphasizing personal health habits involving, for example, less smoking, more physical exercise and greater attention to nutrition.

Statistics indicate that a combination of factors, including federal and state crackdowns and educational campaigns, are having beneficial effects, especially among so-

"There's definitely been a change in people's attitude toward Boffa, spokesman for the Governor's Traffic Safety Committee in New York. "They take it far more

For a while, several officials said, the public's declining tolerance for driving arrests here.

LOS ANGELES — The Popular Front for the Liberation of Pales-

tine is attempting to cultivate

broad-based grass-roots support"

in the Arab-American community

and from leftist organizations in

the United States, according to a

confidential report by the Federal

The main allegations in the re-port are that the Popular Front conducts "clandestine intelligence

activities" in the United States and

"funds its U.S.-based operations

and contributes to the organization tacks

Boreau of Investigation.

Los Angeles Times Service

drunken driving and its related toll was far ahead of the more lenient attitudes of judges and elected rep-

seem to be catching up.
According to U.S. statistics, 44,000 people die on American highways each year, about half of them in accidents involving alcohol. After bolstering their laws, some states are beginning to report reductions in the number of alco-

John J. Grant, the program director for the National Commission Against Drunk Driving, which monitors legislative and educational activities in the states, said that in the last five years, about 3,000 laws on drinking and driving have been proposed around the nation, and as many as 400 new ones enacted in the states to strengthen

While he said that there was work yet to be done and that some states had laws that are weaker in one respect than others might be, "overall the states in the last five years have begun to address the

In Illinois, nearly 92 percent of the 55,000 people arrested last year for drunken driving lost their drivdrinking and driving," said John ing privileges, up from only 25 percent a few years ago. The secretary of state, Jim Edgar, recently proposed legislation for even tougher regulations aimed at repeat offenders, about 22 percent of all drunken

abroad" from the Arab American

Also, the report said, the group attempts "to join with various left-

ist organizations, foreign and do-

mestic, violent and nonviolent, to

promote their objectives, and

draws upon the vast manpower pool within the Arab-American

communities to assist in filling its

The report followed a three-year

investigation by the FBI into the

Popular Front, a Marxist faction of

the Palestine Liberation Organiza-

tion with a history of terrorist at-

military ranks overseas."

Among other things, new laws would elevate drunken driving to a felony, and third-time offenders would face harsher treatment, the loss of their license for 10 years.

and three years in prison. Other states have also seen a decline in the number of lives lost to drunken driving. A study in Wisconsin, where drunken driving conviction rates jumped from 70 percent 10 years ago to more than 90 percent today, found that 44.3 percent of 1981 traffic deaths were caused by drivers who were drunk. Last year the figure was down to

35.3 percent.

In Missouri, a quarter of traffic deaths last year involved drinking drivers, down from 49 percent in some previous years.

have been more lenient in allowing the state. the police to stop drivers they think may be drunk. In Minnesota, reneat offenders, about 36 percent of drunken driving arrests there, can now expect a jail term of seven to 90 days and a fine up to \$1,500. Previous sentences varied widely

rarely imposed. Those who refuse a breath test automatically lose their licenses for a year. Last year 42,586 Minnesota drivers lost licenses, at least tempo-

rarily, up from 14,251 in 1976. Wisconsin routinely suspends the licenses of teen-agers stopped with any measurable amount of alcohol - under the state's "not a

Some courts across the country tion level that is applied to adults in

Many officials now believe the most effective deterrent is immediate and virtually cenain punishment, especially if it concerns loss

"People think 'How am I going to get to work?" How am I going to get to school?" said Barbara Koand officials say the maximum was pans of the Massachusetts Office of

Public Safety. Minnesota is one of 22 states in which an arresting officer can take a suspect's driver's license at the time of the offense, subject to appeal.

in Massachuseus the driver's license is revoked at arraignment for drop" law — even below the 0.10 anyone accused of driving while percent blood alcohol concentra-

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FBI Says PLO Faction Seeks Aid in U.S.

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Europe of the Snails

Tomorrow, March 25, the fifth day of spring and feast of the Annunciation, is the 30th anniversary of the Treaty of Rome, which announced that the European Economic Community had been born. In three decades the Community has seen both its membership and its living standards double, enriching itself faster than America, although more slowly than Japan. In absolute terms the average European is still less well-off than the American, and most are less well-off than the Japanese. Perhaps what is most striking, politically, is the way the Community has progressively opened its doors to poorer countries. A limited collection of rich countries clustered round the Rhine, with Italy tagging along, has become more representative of Europe — although with insufficient Nordic presence.

There was no lack of well-wishers around the cradle. Enthusiasm in Europe Britain abstaining — for an institution to replace warfare by welfare was matched by American support for an initiative to make Europe more than a simple geographical expression, a mere space between the Soviets and the United States. And since the infant extended its hands to poorer countries overseas, political criticism from the nonaligned was ciency, which would have appalled the founding fathers and which envenom relationships inside and outside Europe. Curbing the profligacy is slow because governments cling to the belief that the farm vote is decisive, even though fewer than 5 percent of adults work on the land.

But the problems do not stop at the farm gate. Free trade in industry and services, the sectors in which Europe should specialize, is shackled by a welter of restrictions even after tariffs and quotas have disappeared. In a world in which Europe will increasingly depend on its ability to sell up-market high-technology products, the trap is obvious. While the United States has a domestic market of 240 million people and Japan 120 million. no single European country has more than 60 million. How can Europe keep up, in costly research and innovation, exploiting economies of scale, so long as its producers have such small markets at home? In theory, the next five years will see a genuine European market of more than 300 million people. But there are many limpets to prize from the rocks.

Most signally, Europe has failed yet to pass on from a somewhat pedestrian customs union toward more meaningful economic and monetary unity - to condi-

OPINION

Building a Wall Doesn't Solve the Problem

BC., Emperor Shih Huang Ti began building a wall along China's northwest border to seal off the Mid-By Robert B. Reich when so lucrative a market beckons. tion is U.S. responsibility for the tordle Kingdom from marauding nomads. Five hundred years later Hatrol over themselves. The primary response to the in-flux of steel, autos, television sets and drian tried the same approach in England. A thousand years later, the

same solution was invoked by the lords of medieval Europe to keep out bandits and armies. In this century, France built the Maginot Line along its border with Germany. Wall building is not a new idea.

The instinct to define and defend a safe bit of territory, making it secure

against evil forces, runs deep. Walls and locked gates give palpable evi-dence of security. If we stay within the bounded area, we feel invulnerable. Most people who now inhabit the planet have been forced to give up the quest for invulnerability as unrealistic. They are too often reminded of their dependence upon, and vulnerability to, others beyond their borders. But in the United States, a land his-torically and geographically cut off from the rest, in which people tell each other stories of self-reliance and warn of evils "out there," the dream

of invulnerability endures.

That dream has led America to concentrate its efforts on warding off outside perils, often at the expense of tending to perils within. Consider four examples:

 The primary American response to cocaine and other noxious drugs has been to fortify the perimeters. Narcotics agents are using paramili-tary techniques to eradicate drug crops, interrupt supply routes and seize contraband at the border. There has been less diligence, however, about eradicating the drug habit. Capitalism is a sturdy institution; enterprising drug traffickers are only slightly deterred by border patrols

taken on the character of a global contest. A

significant part of this competition has involved

acquisition or improvement of bases and facili-

The terms "bases" and "facilities" can cause

confusion. Clark and Subic Bay are American air

force and naval bases in the Philippines; Diego Garcia is an American base on an island in the

Indian Ocean; Rota is an American naval base in

Spain. The Soviets have a naval base at Cam

Ranh Bay in Vietnam. But there are many places

where U.S. and Soviet forces perform specific

functions that do not earn the term "base."

Examples would be a U.S. electronic installation

in Turkey or Japan. The military refer to these

locations as "facilities," particularly if the host

There are also places where the big powers can

obtain services, even if they do not have perma-

nent installations there. An example for the

American navy is Cockburn Sound in western

Australia. The Soviets have access to facilities in

Libya and Syria but no permanent bases there.

The United States has a far more extensive

network of bases than the Soviet Union. The

Pentagon says it has 334 bases and facilities in

foreign countries, as compared with about 700

interpretation of these terms. Air Force Maga-

zine says that the air force alone had 35 major

it has been growing. Bases in Vietnam make it much easier for the Soviet navy to operate in the

Pacific and Indian Oceans. Facilities in Ethiopia

and South Yemen permit it to operate for longer

periods of time in the Indian Ocean. Cuba pro-

The Soviet network is much more modest, but

and 794 minor bases and facilities in 1985.

country is sensitive about the term "base."

ties in foreign countries.

computer chips has been to raise the walls ever higher, with quotas and other nontariff barriers. Americans routinely blame "them" for shipping inexpensive, high quality stuff, and not buying enough of America's more expensive, lower quality stuff. In 1980, 20 percent of the goods pro-

duced in America were protected against foreign imports; today more than 35 percent are, and Congress is crafting even higher barriers. There remains the disconcerting fact that Americans want to buy goods cheaply, and often cannot make them as cheaply or as well as

foreigners can. If there were not such an overwhelming desire for Japanese cars and computer chips, South Ko-rean steel and Taiwanese television sets, the problem would not exist. So the responsibility is at least half America's. If others can do something better and more cheaply, Americans ought to learn to do it as well, or to do something else that others can-not so easily rival. If others are willing to sacrifice profits now for the sake of larger profits in the future, Americans should make similar sacrifices if they hope to stay in the game.

• The response to the flood of Latin American immigrants has been to "regain control of our borders." Patrols have become more aggressive in capturing foreigners trying to enter illegally from Mexico; immigration officials have become more ruthless in ferreting out aliens who sneak through and overstay their visas. What has been left out of the calcula-

Americans cannot get control over the drug problem unless they get congals because they cannot find fellow gals because they cannot find fellow citizens to pick perishable crops, sew garments, assemble toys and care for their children as cheaply or at all. Do they want foreigners to work for them, to do jobs they are unwilling to pay each other enough to do? This entails a decision about discipline. The choice is muddied by casting the issue as one of controlling "them."

> The solutions have less to do with containing "them' than with taking joint responsibility.

 In seeking to ensure national security, there has been an even greater temptation to build the walls higher rather than to take joint responsibility with "them" for managing a rela-tionship capable of yielding devastating losses on all sides.

Before the Reagan administration launched its Strategic Defense Initiative, no real defense against intercontinental ballistic missiles was thought to be possible. The "star wars" proposal has resurrected the metaphor of a fortress, an impenetrable shield in space that will put America's fate back into its own hands. The visceral appeal of star wars has had nothing whatsoever to do with the cold logic of national defense. That it would very likely never work, that it would almost certainly be a hideously expensive approach to security are quite irrelevant cavils.

Perhaps star wars may yet pay off as a bargaining chip toward obtain-ing an enduring arms control agree-ment, as some of its supporters be-lieve. But there is the danger that it will simply accelerate the arms race, inducing Moscow to hedge its bets by investing in a much larger arsenal. It may also convince Europeans that they had better fend for themselves, rather than rely on American willingness to come to their defense. The most insidious consequence of all is that the comforting allure of a space shield may reduce Americans' interest in arms control altogether.

All of these efforts at containing evils beyond the borders are faisely premised. They assume that the problems exist "out there" and can be kept that way if one exects high enough barriers. But in truth, U.S. borders are permeable to anything for which Americans are willing to pay, as well as to indisputably unwel-come cargoes like nuclear warheads.

The solutions to many intractable problems — dangerous drugs, com-petitiveness, illegal immigrants, the arms race - have less to do with containing "them" than with taking joint responsibility with other peo-ples for achieving mutual gains and avoiding mutual losses. What poses the largest threat is chronic failure to acknowledge the subtle interdepen-cies that bind the species together.

A clear-eyed view of interests and options as they are conditioned by the stothe rest of the world — which is not the same as the romance that one's interests are simply the same as one's interests are simply the same as those of others — would make efforts to advance U.S. goals more fruitful.

The writer teaches political economy at Harvard University's John F. Kennedy School of Government. He contributed this comment to The New York Times.

Openness Is in Order Here, Too

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By Stephen S. Rosenfeld WASHINGTON — There is a

new strategic debate waiting to begin, or so I have come to suspect after trying to sort out a batch of new thinking by experts inside and out-side the Resgan administration on the matter of command and commi of the superpowers' nuclear forces.

The old debate still dominates the

political arena. It is premised on the notion that the size and shape of the Soviet and American arsenals are what count, and it takes us to the familiar passionate arguments over building this and restraining that But there is a growing consensus that you could double or halve U.S. forces, as John Steinbruner of the Brookings Institution pair if, and

only marginally affect security even if you throw in a realistic version of the Strategic Defense kurtiative it follows that security is more than the military balance, more than min-bers: What counts is the way forces would be used in a crisis. This is not a more central one. There is a widening a more central one. There is a widening respect for the difficulties of keeping control in a crisis, for the ways in

gan and the "peace movement" both decided that deterrence was imsafe and immoral and needed to be replaced — by the SDI and disarmament, respectively.
Others have decided that the calcu-

lations of reticularly and pentral con-lations of reticularly and pentral con-trol underlying the idea of deterrence take you only to the point where a crisis starts to go critical. At that point, other considerations take over-stress and chance, on the one hand, and on the other authority exercised by men and machines beyond the sident's reach. This is the theme. by the way, of David Asron's new nuclear thriller, "State Scarlet, which builds realistically to a crisis that the author resolves - but how else? — with a fairy tale. Right here in the need for realism

is where a new strategic debate, on continued and control, might begin.
The Reagan administration's sericosness in devoting funds and high-level thought to improving "Strategic C" (command, control, communica-tions) has been widely noted. The thrust of it has been to improve sur-

vivability in crisis and war situations so that the United States, even under heavy attack, could keep control of American forces and deny Moscow control of Soviet forces.

Others suggest, however, an alter-nate goal: not just survivability but sophistication. Survivability means a command system that would allow one side to absorb a massive attack, and not just for a few minutes-or hours but perhaps for much longer, and still then be able to retaliate massively. Sophistication means a say, a light attack from a heavy offe - something that evidently is very difficult now - so that if it chose it could retaliate proportionately or even end its own attack.

The administration believes — as nuclear conservatives do - that deterrence is now precarious, that U.S. forces are dangerously vulnerable to Soviet attack and that it is essential to maintain a robust war-fighting capability even as a Soviet attack rolls on. Others think that deterrence is

holding but that the dynamics of mutual engagement could cost both sides control in a crisis. To these critics, loss of control means not so much an inability to retaliate as an inability to conduct a controlled retaliation, up or down. In this spirit, Ashton Carter, a former Pentagon aide now at Harvard, calls the administration's approach "polishing a hair trigger for a system that doesn't have any eyes." He would polish the safety

and improve the eyes. Do the eyes have it? Hardly, and perhaps in part for a particular reason: Everybody — officials and critical president and Congress, civilians and military — gets into the argument over doctrine, over deterrence. But officials, and especially the military, hold actual nuclear operations very close. Congress decides what weapons to buy but has little say about how they will be used. Apparently no one on Capitol Hill and few civilians in the Peniagon, for instance, have SIOP-ESI (Single Integrated Operation Plan Extremely Sensitive Information) clearance for the American war plan.

These matters are no more esoteric than the fine print of MX and SDI that politicians and other amateurs now routinely grapple with. The dif-ference is that they may be more important. I am in a learning mode on this one. I think we all need to be. The Washington Post.

ARE Mikhail Gorbachev's new policies the historical turning point we have been praying for, signaling the end of oppression and mis-ery in the Soviet Union? Or are we witnessing only a short-lived "thaw," a tactical retreat before the next of-

fensive, as Lenin put it in 1921? True, a number of the most prominent human rights activists have now been released from prison labor camps and from exile. As welcome as this gesture is, however, we cannot fail to notice that such selective mercy is of the kind calculated to make a

minimum of genuine concessions. If the Soviet Union is really undergoing a change of heart, why has it not declared a general amnesty for all prisoners of conscience instead of resolving certain highly visible cases one by one over the course of a year? We have not heard any clear con-

demnation of the criminal use of psy-chiatry, the most notorious of the Soviet methods of repression. Nor have we seen any progress with respect to emigration. Moscow has recognized the need for radical economic reform, and this is welcome, but to date no serious sign of economic reform is in evidence.

The Soviet Union's announced desire to end the war in Afghanistan could be even more welcome. But if the Kremlin really means to end the war, why does it not simply withdraw its troops? If the purpose of the delay is to leave behind a stable government, why not allow free and fair elections under strict international supervision? Since neither of these solutions seems to satisfy the Kremlin, we are forced to conclude that all it really wants is the appearance of leaving Afghanistan.
Perhaps the greatest puzzlement of

all is that created by the new policy of glasnost, or openness. It must be bewildering for many people to be reading in Pravda the very criticisms of Soviet reality that only a few years ago would have been branded as anti-Soviet slander" and rewarded accordingly. This new policy, too, is to some extent merely making a virtue of necessity. It is senseless for the

Real glasnost would involve genuine public debate. It would be a public guarantee against the abuse of Asuncion, as well as in Morocco. While the American navy also looks to foreign bases and facilities for fuel and supplies, it takes

a long time to move materiel by sea. As a result the Pentagon has during the past two decades pre-positioned a great deal of materiel abroad. There are, for example, large amounts of ammunition, equipment and fuel on Diego Garcia.

In deciding on the location of foreign bases

By John C. Ausland

vides an excellent base for intelligence, naval and

These comments apply with particular force peacetime. How these Soviet arrangements

would operate in wartime is another question. At

the very least, the United States and its allies

would have to divert resources to assure that the

The United States and the Soviet Union follow

somewhat different strategies when looking for

bases abroad. The Pentagon is preoccupied with

preparations for conflicts, both local and global

The Kremlin is not unmindful of the role that

foreign bases could play during a war, but it also

makes use of them in peacetime to make trouble.

powers must keep in mind ranges for their air-

craft and sailing time for their ships.

The United States can refuel its aircraft in the

air, but this is a complicated and costly opera-tion. The air force prefers a network of bases

which it can use for refueling and repairs. In the Pacific it relies primarily on Hawaii, Japan and

the Philippines. For the Indian Ocean it uses

airfields near Darwin in northern Australia, on Diego Garcia and in Oman. For the Atlantic

In looking for bases and facilities, both major

air operations in the Caribbean.

bost countries remained neutral.

easiest if the host country feels threatened and wishes to keep its defense budget down. West Germany, South Korea and Japan are the best known examples. Other countries, such as Oman and Turkey, also fall into this category.

Being poor and surrounded by potential enemies helps explain the willingness of Ethiopia and South Yemen to cooperate with Moscow. Both the Soviet Union and the United States

and facilities, the United States and the Soviet

Union have to take the desires of the host com-

try into account. The United States finds it

operate gigantic military assistance programs, partly to obtain base rights. The Pentagon esti-mated last year that Soviet sales of military equipment to the Third World in this decade

were almost \$55 billion. During this period, Soviet military assistance to Caribbean and African countries has run consistently higher than United States deliveries, usually dramatically higher. The United States has given priority to NATO Europe, Israel and Egypt. When these countries have taken their share, only a fittle more than a quarter of the pie is left for the rest of the world. Since Congress reduced the 1987 foreign aid budget, the Reagan administration finds it impossible to keep all its promises regarding com-pensation for foreign bases. It is therefore asking

Congress for a supplemental appropriation. between America and the Soviet Union will end, the contest over bases will continue. In recent years, both have devoted particular effort to improving their ability to conduct a conflict in the Gulf region. It must be hoped that neither will have occasion to carry out its contingency plans. But what if one of the regimes in the region finds itself in enough trouble to call for help?

International Herald Tribune.

The Time Has Now Come to Reject the System Itself

maximum public impression with a

Soviet regime to maintain a huge and costly internal propaganda machine whose products are believed by few.

This comment was prepared by seven dissident Soviet émigrés living in the West: Vasily Aksyonov, Vladimir Bukovsky, Eduard Kaznetsov, Yuri Lyubianov, Vladimir Maximov, Erust Neizvestny and Alexander Zinoviev. same old party monopoly on the gration and withdraw from Afghanitruth, with the order being that for stan. They could even publish

the moment truth must be critical of the regime itself. Such an order could be countermanded tomorrow. Consider the posthumous "rehabili-

tation" of a few prominent writers such as Boris Pasternak, Nikolai Gumilev and Vladimir Nabokov. The privilege of rehabilitation seems to be conferred exclusively on the deceased, who are guaranteed not to say or do

> Meaningful change would require Soviet leaders to reject the fallacies of Marxist-Leninist dogma.

anything unexpected. Moreover, a long line of less fortunate dead writers are still waiting their turn.

The same holds true for the current

interest in the corpses of certain artists, such as the opera singer Feodor Chaliapin and the film director Andrei Tarkovsky, who died expatriates and whom, against their last wishes, the authorities are desperately trying to repatriate postmortem. This macabre attempt at body-snatching can hardly be called cultural freedom — nor can the invitations to a few prominent emigrés to return "home" like so many prodigal sons, the past "forgotten." Were Soviet audiences allowed to choose, emigré artists and writers would require no back-door negotia-

tions with the authorities. Finally, suppose Mr. Gorbachev's most daring suggestion to date, freer elections within the Communist Party, were to be implemented. Such a great leap forward would merely grant the Soviet people what the blacks currently enjoy in South Africa: 7 percent of the population would hold "free" elections for themselves.

Without altering the regime's na-ture, the Soviet leaders could afford an even greater temporary retreat than that which is giving rise to so many undue hopes today. They could reduce the excesses of the criminalpower. What we are seeing is only the justice system, permit far greater emichipelago." They could become as "free" and "capitalist" as Poland,

Hungary, Yugoslavia or China. The question is not how far the "thaw" will go, but how long it will last. Unlike Hungary and Poland, the Soviet Union does not live in the shadow of a big brother that can come to the rescue. And, unlike China, it has a host of small brothers to look after.

What Westerners fail to understand is that if the Soviet leaders really were intent on radical change, they would have to begin by discard-

ing the ruling ideology.

Ideology is that hard core of the Soviet system that does not allow the country to deviate too far for too long. Unless the central ideological tenets were to be challenged, longterm Soviet strategy would remain imprisoned by its assumptions.

As long as there is no doctrinal possibility of peace with the "class enemy," how can there be peaceful coexistence with the "bourgeois" world? Nor is peaceful coexistence inside the Soviet Union any more likely. As long as the "historic struggle of the two worlds" rages, Soviet citizens cannot be left to pursue their private lives and aspirations: They are conscripts in a nationwide army of ideological warriors, pressed to view themselves not as ordinary members of the human family but as bearers of "Socialist justice," "Socialist culture," "Socialist sport" — and now even "Socialist glasnost."

For the West to take the new policies at face value is to deal with symptoms and ignore the disease. Meaningful change would require the Soviet leaders to reject the fallacies of Marxist-Leninist dogma, cease the one-sided "historic struggle" and allow the Soviet people to be ordinary humans for whom words like "de-mocracy," "culture," "justice" and "glasnost" are permitted to mean

what they mean in the West. If the Kremlin sincerely wants to turn over a new historical leaf, it must stop exploiting the painful memories of World War II for propaganda, close down the vicious "military patriotic program" obligatory in every school and prevent any further militarization of society. Most of all, it must tell the truth about the crimes

committed by the Soviet regime. National reconciliation cannot be stan. They could even publish achieved by releasing a couple of hun-Alexander Solzhenitsyn's "Gulag Ar-dred prisoners from jails, where they dred prisoners from jails, where they should not have been in the first place. The Soviet Union is a gravely sick country, whose leaders have had to break with a 70-year tradition of silence merely to gain a little trust from the population and the world outside. It is they who must learn to trust,

giving the people the right to adminis-ter justice in proper courts and learning to have enough respect for public nion not to engage in their customary disinformation and manipulation. Even a fool can see that if 70 years of doctrine have brought to ruin one

of the richest countries on Earth, the doctrine must be faulty. Mr. Gorbachev admits that no one in all those years succeeded in putting the country right. Perhaps, then, the time has come to reject the system itself. Was it not Lenin who said that only practice can ultimately judge theory? As for the West, is it not an embar-

rassment for people to be in such a hurry to applaud Moscow for prom-ising conditions that they themselves would not tolerate for one moment?

The New York Times.

IN OUR PAGES, 75 AND 50 YEARS AGO.

LONDON - While the last hope of a peaceful settlement of the great coal strike apparently hangs on the con-ference between the men and the owners [on March 25], distress is dai-

owners ion marca 2) tastress is dai-ly tightening its grip on the poorest classes throughout the country. Two million people are now suffering ex-ceedingly under the strain of no wages and dear fuel. Meanwhile the strike has lasted 23 days. The Government, while conceding the principle of a minimum wage, is fully determined not to set the precedent of fixing any wage figures in its bill. Huge sums of money are being spent by the miners' and other unions on maintaining the strikers and memployed. From all parts of Great Britain come increasing tales of misery and want. Family men suffer the double pain of want and of seeing their wives and children go hungry.

1912: Distress in Britain 1937: Hair for the Reich BERLIN - The hair of some 40. million Germans, cut and clipped in some 100,000 barber shops and hairdressing parlors of the Reich, is to be used to help to make Germany as nearly as possible self sufficient economically. General Hermann Goering, as commissar for the four year plan has given coden for the four year plan, has given orders for the collection of human hair throughout the Reich. Hair thus assembled is to be used as a substitute for raw materials which otherwise would have to be imported, for example in the manufacture of felt. Since hair which drops to the floor of barber shops is wards for that which they give up to collectors. It is assumed that, of the German man population of 65 million, some 25 million people, largely older works en and small children, do not figquent hairdressing parlors.

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tions where broad economic policies are muted. The extent of criticism of Comdesigned more or less in unison rather munity policies today, emanating from America, the Third World and the antithan having to be brought painfully back podes alike, makes clear how far Europe into harmony when disaster strikes. The present European Monetary Syshas become a force to be reckoned with. How far it is putting its strength to the tem is a first, limited move. Perhaps by its best purpose is less clear. A leading Ital-35th birthday Europe will have moved ian industrialist scorns Europe because further. But the pace is dictated by the slowest snail. Individual governments are the only common market it has created is, at vast cost, in agriculture. Certainly the strangely retentive of economic sover-Common Agricultural Policy has pro-duced excesses, and a degree of ineffi-international Herald Tribune. About Bases, Facilities and Local Enmeshments **Israel and South Africa** OSLO—Since the 1960s the struggle between the United States and the Soviet Union has

Even when Israel's coalition leaders do secret partner mocks Israel's moral claims, right, it seems to come out wrong. It has been affronts black Africa, provides a propaganan open secret for years that Israel has been a da windfall for the PLO and embarrasses all covert arms supplier to South Africa. All that has been hidden is the size of the trade; of Israel's allies. Why else would this trade be so furtive? Besides, why should Israel

estimates vary from \$40 million to \$800 deepen its dependence on the arms bazaar, million a year. Now Israel is finally moving the riskiest commerce in the world? to halt what it has never acknowledged -It is also true that selling arms to the but it will not say when, and its leaders imply South Africans could, under American sanctions legislation, jeopardize Israel's \$1.8 billion in annual American military that their welcome decision is somehow a favor to the United States. Perversely, the effect is to deny Israel the credit it deserves. aid. And yes, there is general nervousness in Jerusalem about the Pollard spy scandal. Certainly in the short term, Israel stands to lose jobs and contracts. But it is doing no According to Israeli officials, those were favor to Washington by joining with all factors that led them reluctantly to end a Western nations in halting arms sales to a questionable traffic. Israel has made a wise

decision. Now let it be a clear one. — THE NEW YORK TIMES.

Base Pains in Spain

Haggling about military bases has all the maneuver. The bases were established under joys of arm-wrestling on a sinking raft.
Global strategic interests get hopelessly mixed with angry regional disputes when dealing with NATO allies like Greece and dealing with the defense of democracy; in Turkey. Figuring fair compensation for Azores bases stirs argument in Portugal. And things can go sour when democracies inherit base agreements signed by departed

racist police state. That stand is manifestly

in Israel's interest. To be seen as Pretoria's

dictators, as in the Philippines. Or in Spain, where the United States is again learning that having bases requires hard compromises.

Secretary of Defense Caspar Weinberger flew to Madrid last week to plead the case for an air base that the Pentagon claims is "irreplaceable and vital." But Prime Minister Felipe González will not yield a millimeter on his demand for the withdrawal of 5,000 U.S. servicemen and 72 F-16 fighters from Torrejón, near Madrid. And the current accord with Spain expires in May 1988.

Consider first Mr. González's case. Just last year he risked his political skin by reversing his Socialist Party's opposition to NATO. Challenging tradition and polls, he urged referendum approval of continued NATO membership. Spaniards gave him a 52.5 percent margin, but on his promise to begin trimming a U.S. presence consisting of 12,000 personnel at one naval and three air bases. And Spain, he pledged, would stay free of nuclear weapons. Now he has to deliver, and does not have much room for

Spain they were viewed as a prop of tyranny. But if Spain looks only to its domestic politics and not to the needs of common defense, there can be no solution. The bases there are of considerable importance. The open plains, the good weather and, most important, their location far beyond the

front lines in West Germany make them so. Surely there is space for a pragmatic accommodation. Both sides are willing to reduce the number of U.S. servicemen. Both agree on continued U.S. tenancy of the naval depot at Rota, vital to the 6th Fleet. The

the answer is a long-term arrangement for moving the planes elsewhere in Spain or replacing them with an adequate substitute. These issues arise almost yearly in Spain, or in Portugal, Greece, Turkey or the Philippines. Billions of dollars in American aid are provided as payment for joint defense and maintaining America's strategic position in the world. These stakes and concerns are generally well understood in Washington. But the bases have to be justified over and again to the host countries, and compromises

problem is Torrejon and the F-16s. Perhaps

made. It is the inescapable price of leading a coalition rather than an empire. - THE NEW YORK TIMES.

Other Comment

Listen to Saudi Complaints

There is British unease at the kingdom's apparent rapprochement with Iran, sig-naled by the dismissal of Sheikh Ahmed Zaki Yamani as oil minister, and worries that for all the reforms in prospect, Saudi Arabia may be moving too slowly to head off internal unrest that could destabilize the whole region. There is no doubt in anyone's mind that Saudi Arabia has been, and remains, a force for moderation, a state whose influence has been consistently deployed in the interests of regional balance. If there are to be complaints, then those from Saudi Arabia have more force: that the West has done little to address the Palestine issue, the central problem of the Middle East; that cynical Western sales of arms to both Iran and Iraq have made it more difficult for

mediators to make any progress toward ending that conflict; and that Sandi efforts to build up the ability of Gulf states to provide their own defenses have been nei-

ther understood nor appreciated.

- The Independent (London).

Talking About Suicide Studies have found that the publicity surrounding some suicides tends to generate imitation suicides. But the evidence also seems clear that the publicity helps spur action at both family and community levels. Suicide is the second leading killer of teenagers in the United States. Maybe adults and children simply must talk more openly. Maybe adults need to show that they, too, sometimes feel hopeless and powerless. - The Chicago Sun-Times.

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Directeur de la publication: Walter N. Thayer. Editor for Asia: Michael Richardson, 5 Camerbury Rd., Singapore (61), Tel.472-7768. Tix. RSS6928
Micrograp Dir. Asia: Malcolm Glern, 50 Gloucesier Road, Ingapore (61), Tel. 5-8610616. Telex: 61170
Micrograp Dir. U.K.: Robin MacKicham, 63 Long Acre, Landan W.C., Tel. 836-4802. Telex: 263009
Gat. Mgr. W. Germany: W. Lauerbach, Friedrichsor, 15, 6000 Frankfurt M. Tel. (069) 726755. Tix. 416721
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OPINION

Locked Up Like Someone's Dirty Secrets

THE EW YORK — There are news stories that simply will not go away. The press can forget about them, bureaucrats can try to hide them, governments can try to wipe them from national memories. Every now and then somebody insists they be remembered. Suddenly they are alive again, demanding attention again.

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By Stephens,

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This is about the case of the United Nations' vast secret archive of Nazi war cruminals. UN officials have kept the files hidden from historians, journalists

ON MY MIND

and other interested members of the public for nearly 40 years. And the countries that could demand that they be opened keep refusing — including the United States. It is a story that shows a deep reluctance in both Western and Communist countries to take a real look at the whole war crime era. "Pandora's box." UN diplomats call the archives; a revealing cliche. The story begins in 1948 when the War Crimes Commission, going out of business, handed over about 38,000 files

to the three-year-old United Nations. The commission, 17 nations, did not expect them to be put away and locked up. About 25,000 names were on a spe-cial "A" list of people about whom the commission felt there was sufficient evidence to warrant prosecution.

The commission itself had decided in 1946 to remove the lists from the "socret" category. Quite logical: How could war criminals be prosecuted when the names and charges were secret? The commission also said the archives were a valuable record for historians. Historians do not write secret books.

lock them away and open them only to governments who discovered the names, and on a confidential basis.

No nation was interested until 1986 when the World Jewish Congress disclosed that the commission had concluded in 1948 that there was sufficient evidence to prosecute Kurt Waldheim in connection with the murder of Yugoslav partisans in World War II. Mr. Waldheim, reluctantly stepping out after 10 years as UN secretary general, was run-ring for president of Austria when the disclosure came. He won.

Then about nine months ago the pes-ky Israelis demanded and got confiden-tial access to 300 files. They also asked Secretary-General Javier Pérez de Cuéllar to open the files so that historians, scholars and journalists could examine them. Veteran UN specialists agree with Israel that it is plainly within the power of the secretary-general to open archives

that the UN staff itself had closed. . 10 ask former member states of the longdead War Crimes Commission — the Western allies and East European governments that had offices in London By A.M. Rosenthal

<u> Anna da Maria da Cara da Car</u>

a U.S. representative told The New York Times in June 1986. "Very sensitive subject." confided the Belgians. The files remained locked.

Now the Israelis have asked for 2,000 more files but insist that the issue in any case is public access, Israel's ambassador. Benjamin Netanyahu, again asked the secretary-general to open the archives. No, said the secretary-general, the former commission members objected.

The Israeli position, which makes sense, is that the secrecy issue was created by the UN staff and runs counter to the original intent of the commission. They point out that a master list of names and summaries of charges found its way to a public American archive in Maryland. Any "protection of the inno-

cent" argument is moot.

The material that Israelis have already examined under confidentiality

demands the attention not simply of prosecutors but of scholars and historians. It includes important material about who knew what in the West during the Holocaust, Gestapo actions in Poland, what German courts did in occupied lands, new details on Nazi medical experiments. It is not "secrets" that are locked up at the United Nations but a heartbreaking, invaluable record of organized murder, which belongs to history, not to the United Nations.

One commission member said open the files. Thus Australia burnished her name. The Soviet Union, not a member, was not asked but could have influenced the East European states.

These are the countries that said no to opening the archives: Belgium, Britain, Canada, China, Czechoslovakia, France, Greece, India, Luxembourg, the Netherlands, New Zealand, Norway, Poland, the United States. Strange alliance.

The New York Times.



LETTERS TO THE EDITOR

Israel: Living 'the Action and the Passion of His Times'

Regarding the two-part series "The Real Promised Land Is America" (Meanwhile, March 10 and 11) by Jacob Newner:

Jacob Neusner and I were classmates at Harvard College. He is an extremely prolific professor of Jewish Studies at Brown University, in Rhode Island, the state to which Roger Williams fled from the oppression of Puritan tyranny. L a physician, chose to leave the land of my birth, thus following the instruction that our fellow Harvard alumnus had But about a year after they were en-trusted to the United Nations, its offi-tober 1883. Oliver Wendell Holmes Ir. cials decided that it would be best to said then: "He who has not lived the action and the passion of his times cannot be said to have lived at all".

In his two articles, Rabbi Neusner wraps his imperial being in transparent cloth. It is sad to read his gushing praise of Jews in exile, and see his complete lack of understanding of the passion of his people. There exists in Israel a Jewish people who are coming together as a reborn entity. Slowly but definitely we are finding our way to a new Jewish way of life. Incertitude, clashes of interest and background and a relentless challenge by our neighbors to our right to exist as a national entity make life in Israel a fascination to all of Western society. The excitement, however, lies behind this. It is the new Jew, the Israeli, who is the real thing today.

Jacob Neusner misses this point. Too bad. American Jews are able to be all those wonderful things he describes in his articles. But they are doomed to assimilation into the broad, multi-But the secretary-general said he had faceted American culture. Judaism in the future is a kind of action and passion that we cannot predict sufficiently well yet. It will grow, but not in strangers' fields. Justice Holmes would have disduring the war. "Studying the matter," sented from Rabbi Neusner's remarks,

Nailing Down the Charges

I believe, and would have been enchanted by renascent Israel. BARUCH J. HURWICH. M.D.

Rabbi Neusner writes that it is better to be a Jew in America than in Israel Why then have thousands of Jews stuck it out here for so many years? (My family has been here since the 1840s.) I don't care. Rabbi Neusner, if you "make aliyah" (emigrate to the Holy Land) or not, but please don't be spiteful. We are trying hard to survive here. ALEXANDER NAKIJEN.

For Rabbi Neusner, apparently, God did not know what he was talking about when offered Jews the Promised Land. MAX GENDEL Tel Aviv.

Rabbi Neusner is wrong when he writes that "Orthodox rabbis just now have told women to stay away from burials of the dead because they are 'impure,' So much for the state of Orthodoxy in the state of Israel." Actually, it was a unique situation. The local rabbi complied with the written request of a centenarian, which was reinforced by her family, that the funeral practices of her Moroccan birthplace be followed. Thus, men and women were separated, So much for the state of Rabbi Neusner's scholarship in the state of

Rhode Island, U.S.A. JOSEPH LERNER.

Rabbi Neusner cannot claim to be any kind of light, to Jews or to Gentiles. S. RAMON

Ramat Gan, Israel.

Cheers for James Reston's opinion column "What Did the American People Know, and When?" (March 10). He found the head of the nail and slammed it again and again.

The trouble is that the Laxalts. Meeses, war contractors, Israeli lobby and other feeders at Uncle Sucker's trough of power and money know what Mr. Resion knows. Demonstrably they know how to appeal to us, the "wellmeaning optimistic, credulous, stub-born and a little bit dumb" Americans, Like so many sheep, we adored the actor-president who followed so well the subtle sussions of the directors and

producers of his show. Then again, we all make mistakes. Certainly the powers behind the president wish that they had paid more attention to the White House basement.

> **BRYANT HARRELL** Bornova, Turkey.

I have been a great admirer of Mr. Reston's clarity of thought and simplicity of expression for more than 25 years. He makes it look so easy! I agree with what he says about President Reagan. but could never express it as clearly.

A. MAWAZ. Kuala Lumpur.

A U.S. Double Standard

Regarding the editorial "South Korean Suspense" (March 1!):

The double standard strikes again. U.S. Secretary of State George Shultz arrives in Seoul to preach to the South Koreans about democracy and the American Way. That would not be so bad if it were not for the fact that Mr. Shultz was fresh out of Communist China, where he praised Communist leaders for their recovery from their recent political crisis - which resulted in a crackdown on free speech, no less.

Listening in on Mr. Shultz's press conferences in Beijing and Seoul, a visifor from outer space might get the idea that South Korea is a human rights desert while China is paradise on Earth. His conclusion, upon a closer look, would be that Earth would be a good place to which to sell common sense.

MATTHEW TYLER.

The Formidable Maria

The inbute to Maria Jolas, "She Never Feli Detached From Either Place" (Meanwhile, March 12), revived fond memories of my meetings with the ex-traordinarily energetic Maria, then in her late 70s, at peace conferences around

Europe 18 years ago. We met again in Paris in 1973 when I was starting research on a film script for Peter Watkins about Louise Michel and the Paris Commune. Maria was full of helpful advice, her enthusiasm always highly charged with acute intelligence.

At a case near her rue de Rennes apartment, she easily outperformed the rest of us, most about a third her age, as she promulgated an early demand for Richard Nixon's impeachment.

She went on to excoriate the film 'Last Tango in Paris," which she considered a pornographic con job. Coming from the champion of the author of "Ulysses," her battering of Bernardo Bertolucci's then highly fashionable film amused us youngsters, although not one of us dared show amusement in front of the formidable Maria.

She will never be forgotten by those so fortunate to know her.

> RICHARD WEBER. Copenhagen.

Some Guys Actually Loafed On the Porch in Old Clothes

By William E. Geist

but it doesn't seem to be working. Men spend billions of dollars on clothes each year, trying to dress for success on the job and for success with women, yet we sense that somehow it is just the clothing industry that is enjoying the success.

MEANWHILE

For one thing, we aren't really sure what women want. We buy men's fashion magazines that tell us we can attract women by wearing Don Johnson outlits. but these "Miami Vice" duds don't seem to work any better than the leisure suits the magazines once had us buying - let alone the Nehru jackets.

We are told in advertisements that after-shave lotion will give us "instant sex appeal," but it seems the more we put on the farther away the women go. "Why else," I was forced to ask myself aboard an elevator, "would she push the Emergency Stop button on 2 and walk up to 19?

The alternative to dressing to attract women is undressing to attract them, a fashion strategy that seems less wise with each passing meal. Have you been to the beach lately? It takes a strong constitution.

Despite the fitness craze, the population is aging and seems to be expanding. Jaymar-Ruby Inc., a men's clothing company, is selling an awful lot of San-sabelt slacks these days, an awful lot.

The fashion magazines help, but when we see a nice casual "stay at home" outful too often the caption reads; sport coat. \$980; sweater, \$665; trousers. \$300; shirt, \$125; Italian loafers, a warreparation figure. It's enough to make a man long to be back in the army, where a higher authority decided what you should wear and issued it to you. A certain kind of woman has always gone for a man in uniform, even in the 1960s. I noticed this in Bangkok.

A lot of men don't like shopping for clothes and trying things on. And it's embarrassing when we see something we like in a newspaper and rush to the store to buy it, only to realize we can't pro-nounce the name: "Could you direct me to the, uh ... ("Comme des Garçons" is what we want) ... nearest exit?"

Fashion used to be easy. You'd just go to your closet and ask yourself, What would Elvis Presley wear?

But we've moved on now, most of us settling for bland respectability: pinstripe suits, wing-tip shoes, polo shirts - you know. If such clothing attracts women, it is undoubtedly the wrong kind of women, the kind who probably wear the same clothes you do: pinstripe suits, polo shirts, wing-tips.

Moreover, a lot of this neuter-wear is

N EW YORK — The question before purchased for men by women, and certainly not to make the men more attracwomen? The answer, of course, is: Yes, tive to other women. "No. really, dar-

ling you look just fine." This move to a conservative fashion mode - in politics, style of dress, etc. would seem to be a reaction to recent traumatic events in American history. I speak not of Vietnam or Watergate, of

course, but of the leisure suit. We were sold, if only by our mothers, that we looked "nice" in our leisure suits, a fashion trend that came into being so we would have something to wear during a new chronological period called "leisure time," Before leisure time, humans were just sort of "off work." It was crazy.

People didn't know what to do - no one had told them - and instead of participating in "sanctioned leisure time activities," such as hang gliding and wind surfing, they completely wasted their "time off" by playing cards, horsing around with the kids, washing the car or even just sitting on the porch - and without the benefit of leisure wear. Some people just wore their old clothes. It wasn't pretty.

We took it on good faith that we looked sharp in our leisure suits: topstitched, double-knit polyester, perhaps in a robin's-egg blue or banana, although orange was a favorite among state legislators. We thought women would swoon at our heavy gold chains and splashy shurts. open to the mesosternum with planewing-size collars. We assumed that what would drive women wild would be wearing a leisure suit with a white-belt-andwhite-shoes set, a look that came to be

known as the Full Cleveland. We were shocked and dismayed to learn that in the final analysis our leisure suits had actually been repugnant to women all along — although a few occasionally seemed to dig them, shooting furtive glances at us in line at

the Ponderosa Steak House. Then one day it was -- slam, bam! -all over. No more leisure suits.

We were at a loss for how to attract women until Don Johnson and his sidekick, Michael Thomas Philip, or some combination thereof, came on the scene, They wore a day's growth, dyed T-shirts With sport coats, and no socks with their shoes. The women were all over them.

Men in the industrial Northeast had trouble with that look. For one thing, it's cold up here. For another, life is more formal in New York than it is in Miami. and the no-socks thing just didn't look right with wing-tips.

I recently wore my Full Cleveland leisure suit outfit to a costume party, and thought I was pretty clever. Two things happened. No one laughed, which was a switch from when I wore it seriously in the 1970s. And women didn't talk to me. which was no switch at all. .

The New York Times

GENERAL NEWS

Israeli Jews on Trial for Talks with PLO

By Thomas L. Friedman

New York Times Service time in Israel's history, four Jews are being tried by their government for holding peace talks with mem-bers of the Palestine Liberation Or-in terrorism and instead to negoti-

The four were part of a delega-tion of Israelis that flew to Costinesti, Rumania, on Nov. 6, met for two hours with 15 middle-ranking representatives of the PLO, and then attended a banquet with them. The four said afterward they want-

ed to "make a dialogue for peace."
The Israelis are being prosecuted under an amendment to the Prevention of Terrorism Ordinance, which outlaws "supporting" terrorist organizations. The government maintains a list of groups it considers terrorist organizations, and the PLO is at the top of the list.

As the delegation arrived at Ben Gurion Airport in November, the bur were handed orders to report to police for questioning while demonstrators demanded their arrest. If convicted, they lace up to three years in prison.

"This is a trial about smiling and having dinner," said one of the ac-cused, Latif Dori. "The government wants to make it impossible for me to talk to my enemy. Who am I supposed to talk to? To the Kurds? To the Uzbekis? To the New Zealanders? I did not choose my enemy. But we must talk to them, and they must talk to us, and nothing can stop that."

A lawyer for two of the accused, Avigdor Feldman, said he planned

to base his defense on the argument that the ban on "contact" in the JERUSALEM - For the first new amendment was always meant to imply contact that supports terrorism, not contact for the purpose ate peace.

Supporters of the government's

This is a trial about smiling and having dinner. The government wants to make it impossible for me to talk to my enemy. I did not choose my enemy.'

-Latif Dori, a member of Mapam

case see the defendants as misguided dreamers who damage Israel by propagating a myth that the PLO is something other than an irredeemable terrorist organization out to destroy Israel.

The meeting was tacitly sanc-tioned by the PLO's chairman, Yasser Arafat, but more extremist Palestinian elements tried to prevent it from taking place and threatened to kill those involved. "The PLO is a terrorist organization and it is the enemy," said Geula Cohen, a member of parlia-

ty led the fight to outlaw such contacts. "Contacts with the enemy undermine the ability of Israel to wage a war with its enemy." The trial began March 9. The

said they wanted negotiations and an active search for peace. Neither side committed itself explicitly to

member of a collective farm.

During the meeting in Rumania

both the Israeli and PLO delegates

any plan for a peace settlement.

The amendment to the terrorism prevention law resulted from parimmentary horse-trading that began with a fight over a bill to out-law racism. The bill, backed by the Labor Party, was opposed by some members of the Likud bloc and other Israeli rightist, nationalist and religious parties.

To secure its passage, a trade-off was worked out: Likud members agreed to vote for a weaker bill as ment whose nationalist Tehiya Parlong as some Labor members agreed to amend the Prevention of Terrorism Ordinance, making it il. the traitors!" legal not only to "support" a terrorist organization but to have contact with it - for any reason - as well. June 14 to allow each side to pre-The rightist parties were dis- pare. defendants are Mr. Dori, a leading

figure in the leftist Mapam Party;
Yael Lotan, literary editor of the leftist newspaper Al Hamishmar;
Reuven Kamimer, an Americanwere not prosecuting them under born educator, and Eliezer Feiler, a

Mr. Dori organized the Rumania meeting in an attempt to challenge the amendment, which was adopted by Parliament on Aug. 6, and to help advance what he saw as growing moderation within the PLO. He and the three other defendants were deemed by the Israeli police to be the ringleaders and were chosen from the group of 22 delegates to

Among the charges in the indict-ment filed in the Ramle Magistrate Court by the police prosecutor, Raanan Ben-Yosef, were that "the accused knew that the meeting's participants from the Palestinian side were representatives of terror-ist organizations;" that the accused "made speeches on political subjects on this occasion," and that at 7:30 P.M., after the speeches ended, "the accused met with representatives of terrorist organizations for a joint festive dinner."

When the trial opened, the formal charges were read and the four pleaded not guilty.
Outside the courthouse, support-

ers of the antiwar campaigners. shouting "Negotiations with the PLO today!" clashed with mem-bers of Rabbi Meir Kahane's Kach Party, who chanted, "A rope for

After the opening statements, the judge recessed the trial until

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The right choice

U.S. Did Not Use Israeli as Spy, Weinberger Says "These are the most damaging the Reagan administration re-

By Edward Walsh Washington Past Service

WASHINGTON - Defense Secretary Caspar W. Weinberger has denied that the United States used an Israeli military officer to spy on Israel. He said that it was very damaging and very wrong" for Senator David F. Durenberger, Republican of Minnesota, to suggest that such a spy operation took

In an interview Sunday on U.S.

FUNERAL SERVICE

A service for CHARLES GREY

Go died accidentally in Palm Beach Florida, on March 6th will be held at The American Cathedral 23 Ave. George-V, Paris, on Wednesday, March 25th, at 12:30 p.m

In lieu of flowers, those wishing to express their sympathy may contribute to the memorial fund of the American Cathedral.

sertion last week before two Ameri-immediately get picked up and can Jewish audiences in Palm used as justification for further es-Beach, Florida.

The senator said that William J. Casey, who was director of central intelligence at the time, "changed the rules of the game" by authorizing a spy operation against Israel after its 1982 invasion of Lebanon, Mr. Durenberger is a former chairman of the Senate intelligence com-

Mr. Durenberger's disclosure of Jerusalem Post, was confirmed later by two sources. They said that the Israeli military officer volunteered to provide limited, classified information to the United States that proved to be "not dramatic, but useful."

"I know that's not the case," Mr. Weinberger said Sunday when

television, Mr. Weinberger was asked about Mr. Durenberger's askinds of statements because they pionage against the United States," he said, "I think it's a very damaging and very wrong statement."

Mr. Durenberger could not be reached for comment. But his administrative assistant, Doug Kelly, said, "Senator Durenberger disagrees with the secretary's comments but will have no further comment at this time."

Mr. Durenberger's remarks the episode, first reported by the about U.S. spying came at a deli-lerusalem Post, was confirmed lat-cate time in U.S.-Israeli relations because of the spy scandal involving Jonathan Jay Pollard, an American and a former civilian analyst for the U.S. Navy, Mr. Pollard was siles in Europe, Mr. Baker said, "I recruited by Israel in 1984 to spy on would not be surprised if General the United States. He was sen-Secretary Gorbachev came to the recruited by Israel in 1984 to spy on tenced this month to life imprison- United States this year, but I have ment for espionage.

mained dissatisfied with Israel's response to the Pollard case, which he said had caused "very serious damage" to U.S. interests. Israel has maintained that Mr. Pollard was recruited in an unauthorized Meanwhile, Howard H. Baker

Jr., in his first television interview since being named White House chief of staff last month, said that there was "a good possibility" that President Ronald Reagan and Mikhail S. Gorbachev, the Soviet leader, would hold a summit meeting later this year.

Citing progress toward an agreement on intermediate range misno assurance of that and no con-Mr. Weinberger repeated that crete indication of that."



The War That Won't Go Away

In El Salvador, Fight Grinds On With New Tactics, Goals

flict" cannot be assured.

aim is twofold: to change the mili-

tary's image as a force linked with

some of the causes of the insurgen-

more attention to political and pro-

paganda work aimed at winning

over civilians. One result, accord-

By William Branigin

Washington Post Service
EL PAISNAL, El Salvador — Standing suffly on the bridge over the Rio Sucio, Colonel Leopoldo Antonio Hernandez saluted smartly as a band played the national anthem. His pistol was holstered on his right hip. Behind his back, in his left hand, he clasped a pair of scis-

Colonel Hernandez's contribution to the seven-year war against El Salvador's leftist guerrillas this particular morning was a ribboncutting ceremony reopening a dirt road recently cleared by the army.

About 10 miles (16 kilometers) to the southeast, meanwhile, on the forested slopes of the Guazapa Volcano, units of the Farabundo Marti National Liberation Front are trying to re-establish bases around the volcano. Salvadoran soldiers, backed by planes and helicopter gunships, are trying to clear them out in a campaign called Operation Phoenix.

The ribbon-cutting ceremony and Operation Phoenix represent two sides of a civil war that, more than seven years after it started, grinds on with no end in sight.

Diplomatic and military sources bere agree that this is still the "real war" in Latin America. While the conflict in Nicaragua between rebels known as contras and the Sandinist government ostensibly involves more combatants now and has captured much greater U.S. at- bels to be evacuated for medical

tention, it is in El Salvador that the treatment, and killings by rightist stronger insurgency is found. It is a war marked by continually evolving tactics. Both sides have

broken their fighting forces down Marti National Liberation Front into smaller units. The guerrillas has dwindled to an estimated 6.000 seem to be veering away from over-all military victory and toward atfighters since the early 1980s, when it was believed able to field as many tacks on the national economy.

But the rebels have proven they A resurgence of major guerrilla operations this year appears to can still hold some territory, administer local governments, carry out widespread sabotage operahave sent a defiant message: that the U.S. policy objective of turning the war into a "low-intensity contions and gather forces to hit mili-

The big difference in the war The guerrillas have brought nanowadays, according to military and diplomatic sources, has been tionwide transportation to a halt three times this year with threats to attack any vehicles using the roads. the vast improvement in the capabilities of the Salvadoran armed The military is devoting an inforces. The military has more than creasing amount of effort to a U.S.quadrupled in size since the early days of the war, when 12,000 to 14,000 soldiers fought the rebels. financed civic action program called United to Reconstruct. Its

The troops are better equipped and better trained, the sources said, brutal repression, and to attack because of a huge U.S. aid program that helps finance a military budget of more than \$100 million a year.

A crucial factor in the improved performance has been improvements in the air force, which have given the military greater mobility. In a change of tactics to adapt to ing to human rights investigators here, is some progress toward "hu-manizing" a conflict in which an this new situation, the guerrillas at the end of 1984 began to break down into smaller units to avoid estimated 62,000 have died since detection by military air power.

One result was that rebel leader Prisoner exchanges have been organized in recent weeks. The gov-ernment has allowed wounded reship was stretched thin. To counter the shift in tactics, the military began to break its forces down into smaller units in 1986 and then experienced some of the same prob-

> While there is no immediate prospect that the guerrillas will win the war, the outcome of a relentless weakening of the government and the economy through the guerrilla strategy of a war of attrition re-

The war the guernllas are waging is the kind of war they can carry out for many years," said a Europe-an diplomat. "They're not in a hur-

He added: "There's no way they can win militarily, but it's also difficult for the army to win militarily. much longer, drawn-out war."



In Beirut, a Frenchman Seeks to Save His Son

Marc Normandin, center, entered Moslem West Beirut on Monday to try to plead for his son, Jean-Louis, who was kidnapped March 8, 1986. The Revolutionary Justice Organization, a Shiite group, on Monday released a videotape of the French hostage and said that it had canceled plans to kill him, in response to pleas from religious leaders. Meanwhile, Tehran Radio said Monday that the group was also holding Terry Waite, the Anglican Church envoy who has been missing since Jan. 20.

Sierra Leone Military Thwarts Revolt

Sierra Leone on Monday, govern-

The revolt, which the sources said was apparently led by senior police officers, included an unsuccessful raid on a military arsenal in

police sources said. He was identified as Joseph Kai Kai, an assistant superintendent in the New England district of western Freetown.

Momoh, thwarted a coup effort in tinning for other senior policemen in the revolt.

> General Momoh summoned top ranking police and army officers on Monday morning for discussions.

General Momoh, a career soldier A senior policeman was arrested on suspicion of leading the revolt, army, became president in November 1985 in a peaceful transfer of power from the civilian president,

hoped General Momoh would re- shortage.

Police and army forces patrolled vive the moribund economy and FREETOWN, Sierra Leone - in central Freetown, and there was eliminate the corruption that had Forces loyal to the military presi-dent, Major General Joseph Saidu lice sources said a search was con-year rule. By the end of last year, however,

> widespread discontent over continned corruption and increased economic hardship.

Prices have soared since the decision in June to float the nation's currency, and there is a serious shortage of foreign exchange and

Many Sierra Leoneans had were severely hampered by the fuel

Student unrest broke out in Sierra Leone earlier this year over food

Last week, public bus services

The Burmese Way Led a 'Golden Land' to Poverty Nation Finds Little to Celebrate, or to Buy, Under Ne Win's 25-Year Rule

By Barbara Crossette New York Times Service

RANGOON, Burma — Twentyfive years ago, a general little known to the outside world pushed aside independent Burma's only elected prime minister and seized control of a young country still struggling to unify and grow. Promising a "program of beati-tudes," the general, U Ne Win, ush-

But there were no large national celebrations this month to commemorate that coup of March 2,

Rangoon residents say this is partly because U Ne Win is a reclusive leader who shuns public appearances and has never tried to build a personality cult. He has dropped his military title, preferring to be known only as the chairman of the Burma Socialist Pro-

gram Party. But the silent shuffle past the milestone also has much to do, Burmese say, with the fact that the 75century in power, presides over an ties. exhausted, impoverished country.

ma, with a per-capita annual income of about \$190, has quietly asked the United Nations to classify it among the world's least-developed countries, according to offi-cials of international organizations. This could help the government get more aid or better terms for the \$3.4 billion debt whose payments consume three-quarters of its export carnings, diplomats say.

AUTHORS WANTE

erything going for it at indepen-

Burmese remember when their country, with its rich soil, minerals, gems and hardwood forests, was known as "the golden land." Today's Burma, the pagoda-

studded Buddhist nation that tourered in what he called "the Bur- ists find quaintly charming for its mese way to Socialism." Closing isolation and absence of technolthe doors to foreigners and foreign ogy, is for those who live here a satirists manage to circulate widely areas. No one starves. influences, and borrowing from the country without adequate medi-read fables and allegories. dictums and methods of Marxism- cine, sanitation or housing. It is a "Only one minister has a Leninism, he became one of Asia's country whose functioning econo-education," one Rangoon resident the Ne Win government. Religions most durable and enigmatic dictamy is almost entirely in the hands said. So none of them understands of the black market.

everyone, a well-educated Rangoon woman said. "I no longer have time for friends," she said. "I'm always thinking of how to earn the next little bit of money."

This month, in a budget session of the Burmese Parliament, government officials said the country had been hard hit by a sharp drop in the prices of mmerals and rice.

A deputy prime minister ac-knowledged that, at least economically, isolation was not possible. "Burma is no exception," he said. "It has to face such repercussions year-old chairman, after a quarter- of international economic difficul-

But questions from members of This year for the first time, Bur- the legislature pointed to other, more fundamental structural problems: depleted land, crumbling roads, illegal levies by local officials who may be living on salaries as low as \$10 a month.

As prices rise rapidly, corruption pervades the military and civil service, Burmese say. A resident of Rangoon took a visitor to a spot at the edge of the city where military vehicles come to sell subsidized asoline to civilian buyers.

Black-market oil prices have quadrupled here in a year, even as the price plummeted worldwide. - at two-thirds capacity. Foreign experts and many educated Burmese contend that many

"And this was the country for of the country's problems stem ers who work here say the Ne Win which we had the highest hopes," a from poor management and a government has not been without British consultant said. "It had ev-shortage of technical expertise. its successes. Ethnic rebellions and

> gated by U Ne Win after taking as merely "initations." power: "The Burmese Way to Socialism" and "The System of Cor- tended to most parts of the comrelation of Man and His Environ- try, hampered only by a lack of ment." They are never discussed, equipment and medicine, Schools Dissent of any kind is not allowed and agricultural cooperatives to asin Burma, although a few clever sist farmers have been built in rural

what is between the lines." Last April, the government with-

drew the registration of local representatives of foreign companies. putting all trade under a state monopoly. At the end of the year, dozens of businessmen from Japan, Burma's largest aid donor, and South Korea, were asked to leave the country because of their unwillingness to comply. American aid is good man, maybe even a kind limited to primary health care and oil-seed development projects valued at only a few million dollars.

In recent parliamentary speeches by ministers, there were no hints that Burma's leadership was rethinking any of its basic policies a stark contrast to the Vietnamese, who are now trying to "revolutionize" their economy with more private initiative

But diplomats and other foreign-

Kampelman Recovering From Mild Heart Attack

WASHINGTON - Max M. ampelman, the chief U.S. negotiator to the Geneva arms talks, is recovering here from a mild heart attack suffered last week, an aide said Monday. Mr. Kampelman, 66, was admit-

Only one of the country's three oil ted to George Washington Univer-refineries is reported to be working sity Hospital on Friday after what was described as a mild heart attack. He is expected to be released within a week, his aide said.

its successes. Ethnic rebellions and The country's political philoso- a Communist insurgency have been phy rests on two often vague and contradictory documents promul- ders and are often referred to now

Basic medical care has been ex-

- Buddhism, Christianity, Islam and spirit worship - flourish as they no longer can in Communist

Win, cut off from the people by walls of security and layers of selfserving bureaucrats, is perhaps not even aware of the shortcomings of the "Burmese Way." "I still think he is probably a

man," one of his critics, a Burmese intellectual, said. "But he no longer knows how we live."

has modified his assessment.

Iran Is Embarrassed By Reported Rifts Over Arms Sales, Leadership

By Parrick E. Tyler

TEHRAN - Iran's revolutionary leadership has been embarrassed by disclosures that it pur-chased U.S. arms through Israel and by reports that its religious hierarchy is involved in a bitter struggle over who will succeed Ayatollah Ruhollah Khomeini, according to Iranian and Western sources.

The sources say that the revelations of Israeli involvement in arms shipments and discussions about opening a political dialogne with the West have astonished many officials in the Islamic based Iranian is more related to his political propower structure.

last eight years by rhetorically lashing the twin Satans, the United States and Israel.

Particularly damaged by the disclosures, according to the sources, has been the prestige of Iran's pow-erful and politically adept parlia-mentary speaker, Hashemi Rafsan-

Having mequaled influence over the day-to-day governing of Iran and its strategy in the war against iraq, Mr. Rafsanjani must now contend with the political fallout from disclosures of clandestine contacts he supervised with Israeli officials and agents.

Although Ayatoliah Khomeini minally came to Mr. Raisanjani's defense by cutting off a parliamentary inquiry into the arms deals, the sources said, Mr. Rafsanjani's posuspected of having participating political sources were reporting litical stature continues to be stained by the episode. It may have compromised his credentials to play the kingmaker role he has seemed destined to play.

"You can deal with the 'great atan' because everybody still real-y likes America," said a Western diplomat, "but the key point is the question of dealing with the Israe-lis, and Mr. Rafsanjani fears his association with dealing with Isra-

As a result, the sources say Mr. Rafsanjani has thrown himself more vigorously into preparations for new military offensives against Iraq while minimizing his comments about the clandestine arms

Presiding at Friday prayers last week for the first time in several eks, Mr. Rafsanjani, who is usually loquacious, spent what observers said was an inordinately brief time discussing current events.

His only reference to the Tower commission report on the arms sales to Iran was an accusation that it "contains points which are made to incite the Soviet Union against

A number of observers have noted Mr. Rafsanjani's absence from recent parliamentary sessions. Officials familiar with the speaker's Private rimals and private hous travels have reported him deeply sive on the southern war front.

Iranian officials, but particularly Mr. Rafsanjani, have repeatedly promised a decisive military blow inst Iraq before celebrations begin this weekend for the Iranian

One diplomat, who a month ago reporting to his government that Mr. Rafsanjani would control the political succession in Iran upon the death of Ayatollah Khomeini, said in an interview that he

"It is doubtful that he can main-

tain a strong grip on han after the death of Khomeini," the diplomat said. Mr. Rafsanjani i political future, he added, is now much more dependent on his performance as de facto commander of brie's armed forces and as Ayatoliah Khomean's personal representative on the Supreme Defease Com-

Rafsanjani is now very easer to lead the offensive autocasticity, the diplomat said. And if he can then he will control the political situation in the country on the death of Khomeini, but the future of the way. pects than ever before."

The regime has energized much of its revolutionary fervor over the have attacked the Tower report as containing lies about direct con-tacts between lastian officials and Israeli middlemen in the transfer of U.S. weapons to Irae.

Prime Minister Mir Phissein Moussin, in an interview list week, said the Power panel's recon-struction of meetings between U.S. and Iranian officials in Telegrap in May is more like a faction fabra cated by the melancholic m the former national accurity alvaer, Robert C. McFarlane, worked out with properation members of the Town commission to restore lost credibility of the

The commission's report de-tailed the participation and re-marks of "a deputy prime minister" and "assistants to the prime miniter" in secret Telicity asserings in May 1986 with Mr. McParline and Amurain Nir, an advise to Shine Peres, who at the time was prime minister of Israel

Mr. Mousavi acknowledged that an "officer" from his staff in charge of arms purchases had been active in connection with the trip." But he then derided the disclosure, saying, "These claims are being made to alleviate the bunder of humiliation of the American group who failed to talk" with any

Iranian officials up to Ayatolish Khomeini have attacked the Western media for focusing on the factional competition between his most senior followers.

86. told officials assembled at the city's Jamaran mosque not to be lieve foreign press reports that The media, he said, assumed "that two factions are playing a tug of

He warned that "when and if we notice" such a power struggle, "we will be religiously obliged to stop it at whatever price," even if it meant "exposing or sacrificing one person

or a group for the nation." The two principal contenders for power after Ayatoliah Khomeini's death, Mr. Rafsanjani, 52, and

quickly accepted Ayatolian Khomeini's admonition. In a statement to parliament Mr. Rafsaniani blamed "our enemics" for "creating discord whose

traces are clear in the devilors broadcast from their media." Mr. Montazeri told a group visit-

ing him in the religious capital at Qom, "Regrettably, every day we play with each other's honor" and "discredit each other."

He warned, "The one who digs a well for a brother, he himself will

KUWAIT: Gulf War Threatens the Comfortable Life to stand on his feet and answer source like oil and a culture that is

(Continued from Page 1)
"exposed to a fierce foreign conspiracy that threatened lives and almost destroyed the wealth of the

What is remarkable in the aftermath, diplomats, Kuwaitis and foreign residents say, is how little the Parliament and the outspoken newspapers are missed, even by the former members of Parliament.

"They went too far," is the common refrain, in challenging the conduct of the government and, at least by implication, that of the Sabah family, which has ruled since tribes came out of the Nejd Desert to found Kuwait in 1756.

"It was all a sort of a game, really," a Western diplomat said of Parliament, "But for the crown prince of an Arab country to have criticism is very strange." Islamic, Arabic and tribal dictates
Crown Prince Saad al-Abdullah a certain kind of structure. The

al-Salem al-Sabah, the emir's cous- emir as the father has been in our in and the prime minister, so tired culture a long time." of the exercise that he began spending long periods in London. What the emir's decree demon-

strated, diplomats and scholars here say, is the way in which oil wealth, rather than introducing new political ideas, has tended to reinforce the traditional tribal governing structure.

sociologist, Mohammed Rumaihi, emir liked Parliament, so it was youd Oil," when he wrote, "It is the ruling clan, in the form of the state, that distributes oil income."

"Capitalism and socialism are old economic definitions," Mr. Ru-

"Kuwaitis much prefer cash to democracy," a foreign resident said. The bottom line here is that everyone is nich." A Western diplomat said: "This

is a country that is more capitalist than America and, in its own way, more Communist than the Soviet Union at the same time. But at This was noted by a Kuwaiti heart it's a tribal structure. The

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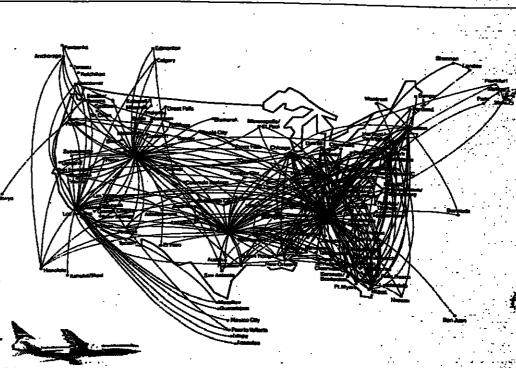
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Japan's Industrial Evolution

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Jan. 21: Currency Talks In Face-off With Dollar

in an attempt to break the U.S. currently's slide against the yea, the finance minister of Japan, Kinchi Miyazawa, and the Treasury secretary of the United States, James A. Baker 3d, meet for two hours in Wachington The officials meetinged their Washington. The officials reaffirmed their willingness to enoperate on exchange market issues but did not reach agreement to

More on the YEN, Page 9

More on DEFENSE, Page 12

Jan. 23: Military Spending Allowed to Rise

Japan formally drops a policy that had put a cap on yearly increases in military spending. The 1976 law confined the annual military budget to less than I percent of the gross national product. The 1987 mili-ary budget rose to 1,004 percent of the GNP, or \$23 billion.

March 1: Proposed Tax Generales Protests

A proposed 5-percent sales tax spors protests by opposition politicians, retailers and consumers, even members of the ruling Liberal Democratic Party. The tax would be Japan's first across the board indirect 12x, and the first step toward reform of the

domestic tax system.

More on the ECONOMY, Page 8

March 3: Nakasone Urges Creation of Jobs



Nakasone:

Prime Minister Yasuhiro Nakasone calls for urgent measures to create new jobs after his government annonneed that unemployment hit a record 3 percent in January, Government officials attributed the joblesaness of 1.82 rise to declining ex-

JOBS, Page 11

'Anthopper' Is Breaking The Mold

By Takashi Oka

OKYO — Japanese society is moving from the age of the ant to that of a new beastie, the anthopper. The change is bringing about a revolution in consumer habits and spending patterns. People still save: Government statistics show that savings averaged \$46,000 per household in 1985. 2.62 times as much as 10 years before. But they also borrow, to the tune of \$17,000 per household, or 3.47 times the amount of 10 years earlier.

They still buy things, but more and more they look for purchases that will express their individuality, rather than following the crowd. In work and play, they still tend to operate in groups but, as with their buying, they are beginning to assert individual tastes and desires.

The anthopper, as you may guess, is a creature that combines the characteristics of Aesop's ant and his grasshopper. Westerners coming to Japan for the first grassiopper. Westerners coming to Japan for the first time may feel that the ant mentality dominates. But to those fiving within Japanese society, the evolution is noticeable and somewhat alarming. After all, the anth-opper is a hybrid, a transitional figure. Is he preparing the way for the triumph of the grasshopper?

No one can be ocrtain. Dentsu, Japan's giant advertising and marketing company, popularized the term anth-opper, Kimiharu Matsuda, a manager in Dentsu's marketing defines the creature as a middle measure.

keting division, defines the creature as a middle manager in his late 30s who knows how to behave like an ant but is

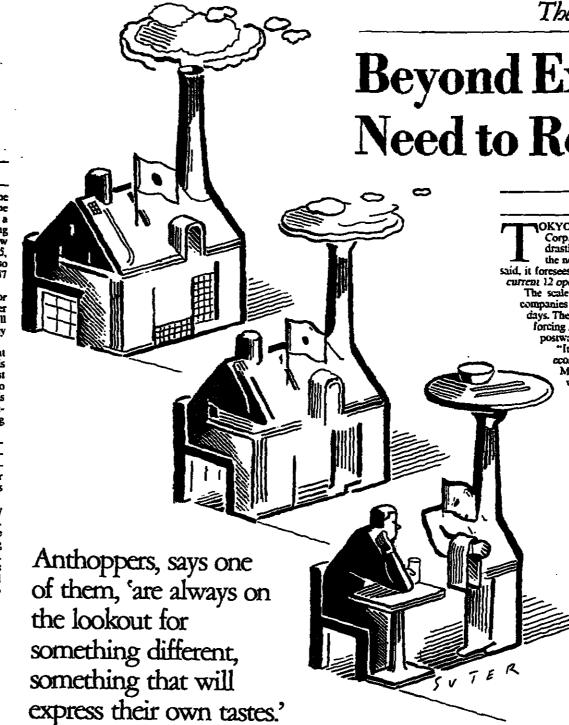
no longer satisfied just to be one.

Tadashi Ono, for instance, works for a company striving to catch and ride the new wave. Autorama Inc. sells Ford Fiestas and Lasers, made by Ford's Japanese partner, Mazda. Mr. Ono, 40, heads a team that is trying to customize interiors for clients with specific wants. How about a car with waterproof seat covers for surfers or scuba divers? Such a car would also feature a special saltproof undercoating, which Mr. One is hoping to obtain from a U.S. manufacturer.

Mr. Ono is short and smiles easily. He loves his work, spending 10 to 11 hours a day in his office high in a Tokyo skyscraper. To that extent he remains a typical ant. But he does not carouse after hours with colleagues and customers, as those of an earlier generation would do. He repays \$330 a month on an apartment that he bought four years ago for \$112,500 and that is now worth more than twice as much. The rooms are tiny, but his daughter and son have their own bedrooms.

Mr. One comes home each day too late to share dinner

Continued on page 10



The Yen Shock

Beyond Exports Lies Need to Restructure

By John Burgess

QOKYO — After maintaining suspense for months, Nippon Steel Corp. went public in February with details of its plan to slim down drastically and thereby gain bope of survival under the stern rule of the new, strong yen. Over the next three years, the giant company said, it foresees cutting 19,000 employees from its rolls and going from the current 12 operating blast furnaces to eight. The scale elsewhere might not be so dramatic, but export-oriented

companies all over Japan are facing similar unpleasant decisions these days. The country is locked in a recession brought on by the strong yen, forcing a painful shakeout in many of the industries that created the postwar prosperity.

"It's shaping up as a very tumultuous year for the Japanese economy," said Johsen Takahashi, senior staff economist for Mitsubishi Research Institute. It could turn out, in fact, to be the worst since 1974 and the first oil shock.

The Japanese, who by nature look to the long term, hope, however, that it will be a blessing in disguise, a push toward a restructuring that should have started years ago.

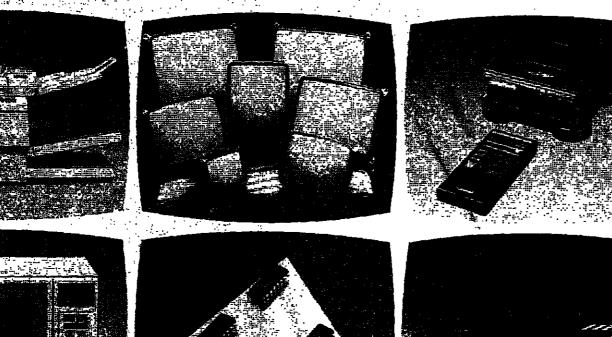
It is time for the \$2.2 trillion economy of Japan. bred on exports, to become "mature," politicians and bureaucrats here say constantly. It should move away from reliance on sales to foreigners for expansionary steam and toward the buying power of the 120 million Japanese.

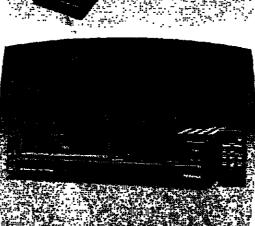
Still, the hard times brought on by endakka, a hybrid word that means "high yen" and has entered the popular vocabulary with connotations of a grave sinister force, show just how far the country has to go in acquiring an economy based on domestic demand.

The recession dates to the September 1985 meeting at New York City's Plaza Hotel by finance officials from the so-called Group of Five, the United States, Japan, Britain, France and West Germany. They decided on a program of market intervention to drive down the value of the dollar. It was then worth about 240 yen, a relatively high value that was beloing bolster Japan's mammoth trade surpluses by making its goods cheap to foreigners.

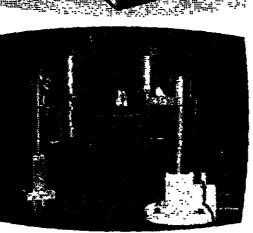
The Japanese went along reluctantly in the belief that damage from trade barriers that would be erected if they did nothing would be worse than anything a currency realignment might bring. But along with everyone else, they were surprised by how far the dollar fell. It now trades for a bit over 150 yen, with

Continued on page 10

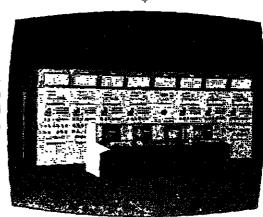


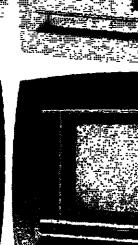












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In Touch with Tomorrow **COSHIBA**

Planners' Rosy Predictions Take on Recessionary Hue

By Gregory Clark

OKYO - Japan's economy is in much more trouble than its planners have been willing to admit. Only six months ago they had convinced themselves that the shock of sudden yen appreciation to Japan's main export industries would be brief and would soon be canceled out by the benefits of cheaper imports and rising

They had estimated real gross national product growth in the coming financial year, which begins in April, at 3.6 percent, well up from the 2.5 percent level in the year just ending. Today, this optimistic scenario is beginning

POINT OF VIEW

to fall apart. Pretax profits of major companies have fallen by about 20 percent in the past 12 months and leading export firms have seen falls in the 40 percent region.

The big five steelmakers say they will lay off more than 40,000 workers. Shipbuilders are in even worse shape. Unemployment has reached the high level (for Japan) of 3 percent. Investment in manufacturing plant and equipment fell by an estimated 7 percent to 10 percent in the past year while industrial production fell 0.3 percent.

Meanwhile, Japan's export rivals, mainly South Korea and Taiwan, continue to put export pressure on Japan. In steel production, Korea is much more efficient than Japan's older steel plants and is pressing hard on the productivity levels of even the best Japanese mills. It also exports more ships than Japan does. Increasingly, Japanese companies are having to get labor-intensive parts and materials from abroad or else manufacture abroad

The Japanese now talk in the same alarmist terms about the "hollowing-out" of their manufacturing sector that they used to reserve for the U.S. and West European economies.

Growth Slows, but Demand Surges 2.0

Worse are the signs that the fall in exports and manufacturing generally is starting to spill over into the rest of the economy. To date, nonmanufacturing investment has held up well: It rose by a healthy 12 percent in the current financial year. But estimates for the coming year show a downturn.

Electric power consumption, another good indicator overall, is also turning down. Private consumption spending is inching up at a low rate of 1 percent to 2 percent per annum.

Clearly, things are much worse than the planners had anticipated. Nor is the cause of all this, the bulging trade surplus, likely to go away easily. Exports con-

tinue to outpace imports at a nearly 2-to-1 margin in dollar terms. Part of the reason is the J-curve effect of yen appreciation on export dollar earnings.

There are signs, however, that exports in

volume terms are also beginning to rise again. Exporters refuse to give up established markets abroad. They will cut costs to the bone, or even export at a loss, to keep those markets. The falloff in the domestic economy puts even more pressure on them to export.

Few now go along with official claims that
the yen is overvalued at about 150 to the dollar.

Many now see further appreciation pressure, possibly to the 120 mark. Little credence is given to government forecasts that the trade surplus in the coming financial year will shrink to \$81 billion from the estimated \$94 billion in the current year.

Given all this, the government's reluctance to expand the domestic economy is inexplicable. True, it has cut its discount rate as far as it can, to a record low of 2.5 percent. But only now and under strong pressure from the United States is it considering the more important

Japan's steelworkers face the prospect of large-scale layoffs or transfers to other plants.

step of expanding spending on public works

and housing.

Even so, it seems clear that any official action will be a classic case of too little too late. To date, the government has insisted that its first priority is to reduce the large burden of official debt inherited from more profligate days. Twenty percent of the national budget goes to debt servicing. Conservative planners worried about the mounting burden of welfare payments had persuaded the government to pledge a ceiling on public works and other budget items for well into the future.

Given Japan's high rate of savings, though, and the fact that the debt burden has peaked (at well below current U.S. levels, incidentally), Japan would seem to have good leeway to spend more on badly needed infrastructure such as urban renewal, sewage and better

There are signs that a rethinking is under way. The government has promised to speed up the spending of money allocated for public works. If not this year, then next year, it says, it will increase the size of these allocations. In the meantime, it hopes the private sector will come to the aid of the nation and invest more.

The problem is that the private sector has already found other things to do with its surplus money. A stock market binge is one of them. Even more alarming is the intense speculation in urban land, which has pushed prices to levels where new development spending could easily be choked off.

Some urge major public works projects, such as filling in Tokyo Bay or moving the capital to a new site, as a way to absorb surplus private funds and reinvigorate the economy. But no one seems eager to come up with detailed plans More likely, there will be continued have wringing while the grinding logic of the change rate forces the economy even further into a recessionary comer. How iong would a recession last? Few un.... I 3

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derestimate the ability of the still dynamic Japanese economy to adjust to difficulties. And the government seems genuine in its piedges to restructure the economy, including even agriculture, to allow more imports. But as some point out, even if Japan import-

ed all its coal, textiles, aluminum, oranges meat and even some of its rice, it would reduce the trade surplus by only a few billion dollars. Far more important is a domestic reliation to reduce the pressure to export.

GREGORY CLARK is professor of interna-tional business at Sophia University in Tokyo.

Southeast Asia Is Cashing In on the Relocation of Japanese Industry and Thailand - accounted for about 20 per-

By Michael Richardson

INGAPORE - Noncommunist countries in Southeast Asia that offer attractive investment conditions have started to benefit from a major relocation of manufacturing industries in Japan to other parts of the world.

This upsurge in direct Japanese investment in selected members of ASEAN, the Association of Southeast Asian Nations, was largely triggered by a rapid rise in the value of the yen

against nearly all other East Asian currencies and the U.S. dollar. Since September 1985, for example, the yen has appreciated 53 percent against the Singapore dollar.

This currency revaluation has made exports of goods produced in Japan substantially more expensive, while imports have become much

The revaluation, combined with strong pressure from the United States and the European Community on Tokyo to reduce the huge Japanese trade surplus with America and Western Europe, is helping Southeast Asia.

DKB. Japan's largest bank.

A recent study by JETRO, Japan's External Trade Organization, noted that Japanese businesses, spurred by the yen appreciation, were reducing output at home and shifting production and procurement offshore.

The study said that in Asia, this intensifying trend began in early 1986 with South Korea. Taiwan, Hong Kong and Singapore and spread to Malaysia and Thailand in the second half of

In an interview, Tan Chin Nam, general manager of Singapore's Economic Develop-

ment Board, said the pattern of Japanese investment in Asia was changing.

Before, Japanese companies used to import raw materials and export finished goods, manufacturing outside Japan only those products that could be made cheaper than at home," he

"Now, more and more big Japanese manufacturers are introducing a division of labor. They make finished products and components wherever it is cost-effective."

Western officials said Japan's investment strategy was partly designed to alleviate friction with the United States and the EC by reducing its bilateral trade surpluses.

They said this was being done in two ways: by establishing manufacturing operations in the United States and Europe to avoid protectionist barriers; and by setting up or expanding plants in East Asia and other parts of the world to meet local demand and serve as export

The officials pointed out that exports to the United States and the EC from Japanese in-dustrial ventures in Southeast Asia did not show up in official U.S.-Japanese and EC-

They said an added bonus for Japanese companies with operations in third countries such as South Korea, Taiwan, Hong Kong, Singapore and its ASEAN partners was access to the U.S., European, Japanese and other developed-country markets through the generalized system of tariff preferences, which gives tariff and other advantages to approved prod-ucts from developing and newly industrializing

Mr. Tan said it had become common for Japanese companies in Asia to ship compo-nents and finished products back to Japan as

In Thailand in January, after visiting Indonesia and Malaysia, Hajime Tamura, minister of international trade and industry in Tokyo, announced a four-point program of Japanese assistance to accelerate industrial development among the members of ASEAN.

the region's export-oriented industries, increase its investment in manufacturing, help expand small and medium-sized enterprises,

and enlarge technical cooperation.

The six ASEAN members — Brunei, Indonesia, Malavsia, the Philippines, Singapore

cent of the \$83.6 billion invested abroad by Japan in the 35 years to March 1986.

According to figures published by JETRO, just over 29 percent of the \$83.6 billion went into manufacturing, with ferrous and nonfer-rous metals, chemicals, electrical and transport machinery claiming the biggest shares. In the nonmanufacturing sector, Japanese investments were concentrated in commerce, mining,

banking and insurance, transportation and ser-However, Asia's share of total worldwide Brunei's market as too small to be attractive while the Philippines was perceived to be polit-

Indonesia, Southeast Asia's largest oil and natural gas producer and the world's fifth most populous nation, has attracted just over 10 percent of Japan's global direct investments since 1951.

Statistics issued last month by JETRO headquarters in Tokyo showed that, of the 126 cases of direct Japanese investment in ASEAN in 1986, 63 were in Singapore, 28 in Malaysia, 17 in Thailand, 13 in Indonesia and five in the



More and more of the big Japanese manufacturers make finished products and components wherever it is cost-effective.

Japanese investment has been declining in recent years, dropping from 16 percent in the financial year that ended in March 1985, to-11.7 percent in March 1986.

In the year to last March, 45 percent of the \$12.2 billion in Japanese investments went to North America, 21.4 percent to Latin America

and 15.8 percent to Europe.

Kerichi Oguro, assistant director of JE-TRO's division for Asia and Oceania in Tokyo, said many more Japanese companies were planning to set up new plants or expand existing production facilities in Southeast Asia.

However, Toshihiro Ide, managing director of JETRO's Singapore office, noted that because oil and other commodity prices had fallen, Japanese industrialists were no longer so interested in securing access to raw material supplies in Southeast Asia by investing in resource-rich countries such as Indonesia.

In seeking offshore manufacturing bases, he said, they were looking for countries that of-fered political stability and a favorable environment for doing business.

He said most Japanese investors regarded east Asia, based in Singapore.

Philippines. No values were attached to thest

Thailand's Board of Investments said new Japanese projects seeking government tax in-centives rose to 47 in 1986 from 27 the year before, and were expected to exceed 100 in

Japanese businessmen said Thailand's attractions included a cheap labor force, a large consumer population and an expanding econd-

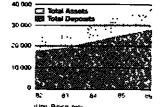
Singapore has mounted a sustained campaign to attract Japanese and other foreign investment over the past 18 months and its success has helped lift the economy out of recession more rapidly than expected.

In 1986, Japan moved ahead of the United States to become Singapore's largest foreign investor, accounting for 34 percent of total

MICHAEL RICHARDSON is the Inter tional Herald Tribune's correspondent for South



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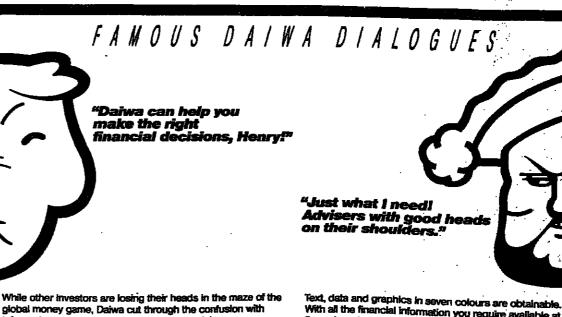


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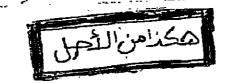


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U.S. Congress Set to 'Bash' Japan

By Clyde H. Farnsworth

T ASHINGTON - Within the last two years three Asian leaders — Rajiv Gandhi of India, Lee Kuan Yes of Singapore and Corazon C. ignino of the Philippines - have addiessed joint sessions of the U.S. Con-

This spring around cherry blossom time, Prime Minister Yasuhiro Nakasome of Japan is expected in Washingtion, and Japanese officials are angling for him to get a similar invitation.

Some U.S. officials, however, wor-

hed that the increasingly prickly trade relations between the two countries spould cause some personal embarrassthent to the Japanese leader, are politeby urging that the Japanese reconsider. A staunch internationalist, Mr. Na-Easone, during his four-and-a-half-year reign in Tokyo, has developed close ties with President Ronald Reagan.

Yet, over the same period, Japan's trade surplus with the United States, reflecting at least in part Japan's reluctance to buy American, has more than quadrupled to nearly \$60 billion, and resentments against Japan have deep-

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Legislators gave Lee Kuan Yew a standing ovation during his October 1985 address after he told them of Ja-Aan's reluctance to import even from other Asian nations and urged members of Congress to "coerce Japan with all the power at America's command."

The members are following his advice. In the congressional hopper are a number of bills aimed at "bashing" Japan. One, for example, calls on the president to retaliate for Japan's failure to live up to a semiconductor trade agreement. A Senate trade bill labels Japan outright as an "adversary." The United States would have to curb imports from Japan and other surplus countries under a House bill expected

to clear by Easter. This may be the year in which the string runs out on Capitol Hill." warned the U.S. trade representative, Clayton K. Yeutter. "The level of frustration with Japan is higher than I have

ever seen it. Although Mr. Reagan would probably veto legislation forcing trade retaliation against Japan, Mr. Yeutter warned in an interview that a veto could become "irrelevant" should such legislation clear overwhelmingly, as is now indicated.

But Japanese resistance to U.S. trade demands is also strengthening, mainly because the dramatic shift in the vendollar relationship has hurt export-oriented industries and brought a new phenomenos to Japan — rising unem-

So as Mr. Nakasone admires Washington's cherry blossoms, the two nations will be facing what many analysts

building an island in Osaka Bay for a

huge airport to service the Osaku re-

gion. But U.S. and other foreign com-

punies are effectively barred from any

of the major construction work. The

Associated General Contractors, the

trade body for the U.S. construction

industry, wants the U.S. government to

file an unfair trade practices complaint

under Section 301 of the Trade Act of

1974. A more draconian alternative is

for the United States to bar Japanese

companies from bidding on U.S. air-

Nakasone and Reagan: Is this the Year of the Showdown?

believe is their most serious trade con-

frontation of the postwar period. Japan has just reported that unem-ployment rose in January to 3 percent, the highest level since monthly report-

ing began in 1953.

Although it is less than half the U.S. unemployment rate, the Japanese figure, which means nearly two million are unemployed, has caused a deepening anxiety that is being reflected in less resilient Japanese positions at the trade bargaining table.

One big worry is that corporate expansion in the United States and elsewhere overseas is leading to a "hollowing out" of the industrial base in Japan. recent government report predicts that domestic employment opportunities will shrink by 600,000 jobs by the year 2000

The mounting frustrations on both sides have stiffened negotiating posi-tions, making compromises less likely on a whole range of issues from semiconductors and supercomputers to the awarding of contracts for a mammoth \$8.5 billion airport construction project

in Osaka Bay.
S. Bruce Smart Jr., undersecretary of commerce for international trade administration, who recently returned from negotiations on semiconductors and supercomputers in Tokyo, said be found the Japanese positions "clearly a lot tougher than ever before."

These are the most pressing of a number of specific trade conflicts:

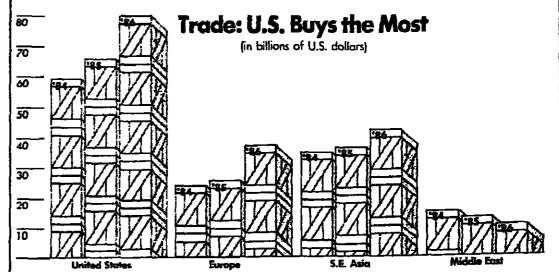
 Semiconductors: Japan agreed last July to open its market to sales of American computer chips. The target was \$2 billion of additional exports in five years. The Japanese also agreed to ensure that Japanese companies quit "dumping" chips in the United States and third-country markets at be-low fair value. "Clearly, we are very disturbed that Japan has not fulfilled its obligations under that agreement, said Mr. Yeutter. [In Tokyo, Trade Ministry officials on Monday annonnced a cut in production of semiconductors to avert U.S. sanctions.]

• Kansai Airport: The Japanese are

to do this has been introduced by Senator Frank H. Murkowski, Republican of Alaska.

 Supercomputers: The Reagan administration has begun a formal investigation of Japanese barriers to the import of these huge and unusually fast computers, which cost up to \$20 million each. Despite an acknowledged technological lead over the Japanese, the Unit-ed States has only 23 percent of the Japanese supercomputer market, compared with 86 percent in the rest of the world. The U.S. industry has not sold any supercomputers to the Japanese public sector. The investigation could lead to a formal trade complaint and

· Auto parts: The annual deficit in U.S. auto-paris trade with Japan has risen to roughly \$7 billion a year. Since a 1980 agreement, the Japanese have bought only \$200 million of U.S. parts. The agreement had called for purchases of \$300 million in 1981 alone. Now the United States is again pressing the Japanese for greater access, this time within the framework of the so-called MOSS (Market-Oriented Sector Selective) talks. So far, the Japanese have agreed only to provide information, a breakdown of the broad categories of Japanese auto-parts purchases.



The tensions with Japan are rising despite the acknowledgment by many in the United States that the loss of U.S. competitiveness is at least as important an element in the trade imbalance as unfair trade practices in Japan

or any other country. The Japanese Embassy's economic counselor, Yoshidji Nogami, pointed to the "growing feeling in Japan that the trade problems between the two countries are rooted in the U.S. situation." Against the rising acrimony, some

analysts still see a turn for the better in the trade situation and fear that excessive U.S. pressure will be counterpro-

"I believe we are going to see a trade improvement in the coming months," said Robert Z. Lawrence, senior fellow at the Brookings Institution. "It is clear that the Japanese are beginning to be hammered in third-markets in terms of

price competitiveness." "Japan bashing will not help in this environment," said George R. Packard. dean of the School of Advanced International Studies of Johns Hopkins University and director of the Edwin O. Reischauer Center for East Asian Studies. "It will cause more resentment, make it more difficult to get concessions and trouble the waters for Naka-

CLYDE H. FARNSWORTH is a New York Times correspondent based in

Yen's Rapid Appreciation Makes No One Happy

OKYO - In a world of floating currencies, the policy maker drowns. If the financial and monetary authorities of the major industrialized nations have learned anything during two years of trying to solve economic imbalances by juggling with exchange rates, this must

The rapid 40 percent fall of the dollar gainst the yen since the September 1985 New York agreement between the United States, Japan, West Germany, Britain and France to knock down the overvalued dollar has achieved almost nothing that was expected of it.

Figures sometimes lie, but not in this case. Japan's trade surplus with the world shows no signs of a rapid turnaround, despite the loss of price competitiveness in Japan's major market, the United States. Meanwhile, U.S. exporters seem unable to achieve a quick rise in overseas sales, despite the much more attractive prices of their goods in Japan because of the weak dollar.

In Japan, the structural distortions of the domestic market coupled with and aggravated by the inability of the government to come up with a solid rellationary package, have reinforced the harmful effects of the strong yen on the

Dollar Sends Yen Soaring 180 170 160

economy. Japan is facing a mini-recession, which could turn serious.

The government is caught in a dilemma: It is committed to holding down spending so as to wipe out a dangerous national debt, yet locked into promises to its U.S. and European allies to reflate

On March 10, Japan announced a-\$7.13 billion February trade surplus,

almost double the figure from a year earlier and compared with a \$4.30 billion surplus in January. The figures seemed to underline complaints by a U.S. trade delegation that Japan had still not done enough to boost its econo-

The apparently contradictory trends can be largely explained by currency movements and an increasing realiza-

tion by the authorities that they do not have as much power to influence mar-kets and economies as they thought.

The very rapid rise of the yen against the dollar has meant that trade figures on a dollar basis have jumped, yet Japanese companies' profits on a yen basis have slumped.

The apparent success of the Group of Five after New York in devaluing the dollar by concerted intervention and by official policy statements blinded policy makers to the underlying currency movements. By the time of the New York meeting, the dollar was already on the way down, from a high of more than 260 yen at the beginning of 1985 through about 240 in September down to just over 150 now.

The Group of Five hit a market that wanted the dollar down. Now that most market operators are still dollar sellers but the authorities want stabilized rates, the governments are finding it much harder to keep currencies where

they want them. In January, the Bank of Japan just managed to stop the dollar falling below 150 yen, at the cost of buying almost \$9 billion in the open market. Last month, the chairman of the U.S. Council of Economic Advisers, Beryl

W. Sprinkel, told Japan that central

bank intervention was no longer effective in stabilizing the market, which had grown too big to handle.

Market dealers agree that any concerted economic policy package among the five nations would have a tremendous impact on stabilizing rates.

However, the rapid breakup of last October's U.S.-Japanese pact to stabilize the yen against the dollar in return for more Japanese domestic economic stimulation, and the subsequent weak results from the Group of Five meeting in Paris this year, make that prospect highly unlikely, senior dealers believe.

Such a move has also been undermined by a distortion in currency rates stemming from the ven's depreciation against European currencies. Compared with two years ago, the yen has hardly moved against the European Currency Unit, which stands at about 175 year. It is now falling against individual European currencies, especially the Deutsche mark.

A good reason has been healthy Furopean sales to Japan. However, Japan has had even better sales to the European Community as Japanese companies switch out of their now underpriced U.S. market. Brussels has started to



Keeping Our Eyes and Ears Open

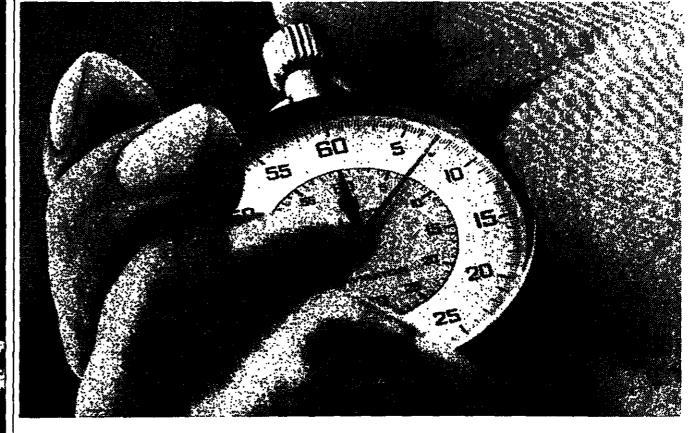
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Bulging Investment Purses Want Government to Loosen the Strings

OKYO - Japanese inparadox — they have more money to invest than ever, but they are scrambling to figure out where to invest responded to the urgency of its investors and foreign pressure for financial liberalization. It has eased regulations on investment overseas and at home and is opening new Japanese markets to encourage domestic fund-raising and trading. But it is caught be-tween the need to liberalize and the fear of losing control, leaving some investors frustrated by the cautious pace of progress.

Speaking at a recent international financial conference in Tokyo, Sugio Hatanaka, a Finance

Ministry official, said that "although we are strong proponents of deregulation, protection of small investors or depositors ...

Also, sound financial bases are a precondition for business activity by financial institutions," he said. "Therefore, it is necessary to maintain a harmonious balance between deregulation and these requirements."

Japan has amassed money for investment in line with the growth of its huge current account surplus. Its national penchant for savings has brought pri-vate assets to total more than \$6 trillion, against \$9 trillion in the

Funds held by major institu-tional investors — the trust banks and the life, nonlife and postal insurance funds — are estimated to hit 215.6 trillion yen (\$1.45 trillion) by the end of this month,

a 27 percent rise from a year earli-In the past, much of Japanese

Instead, many companies are investing in production overseas. Direct foreign investment plans

by Japanese companies have

Investors say they want to spread their risk.

corporate profits would have been reinvested in domestic fac-tories. But more recently, the economic slowdown in Japan has meant the closing of many heavy industrial plants and cutting back

Sanwa's

added reach in

Japanese finance

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rise since 1985. Every day brings creasing output in existing overnew factories abroad or buying

to cope with the devastating effects of the strong yen on export was already blooming as a way to sidestep trade barriers, gain mar-ket share or cut labor costs. Now it is flourishing as a means to

avoid foreign exchange risk.
As of March 31, 1986, Japan's direct overseas investment to-taled \$83.6 billion. The Ministry of International Trade and Industry estimates that such invest-ment by manufacturers will grow 14 percent annually until the year

Such investment in the 1970s centered on developing Asian countries where labor was cheap. But by the late 1970s trade fric-tion had intensified and direct investment spread to developed nations, especially the United

States, which now absorbs more than 30 percent of the total.

Japanese are also looking overseas for financial investment, also mostly in the United States. Most institutions, however, have not yet fulfilled the Finance Ministry's new quotas on foreign investment, which were raised last year for certain funds to ease cap-

Investors say they want to spread their risk and take advantage of the best yields available worldwide, but until late last year they held off equities because of fluctuating currencies. "It's not a question of internationalization, it's the possibility of profits," said Isao Ushikubo, general manager of the pension fund department at Toyo Trust and Banking Co.
"Pension funds are domestic Japanese money, so there's no essential need to move to foreign stocks. We do it when there is a clear possibility of better prof-

Investment in foreign stock markets intensified in the second half of last year and surged for-ward in December - net purchases hit \$1.5 billion compared with about \$500 million in each of the preceding five months.

At home, the Japanese stock market has outperformed most other markets in recent years. For the past five years, it has risen at an average compound annua rate of 23 percent and is now the combined total of all other markets, excluding the United

for other ways to mrest vigorously at home, while foreigner, let by the United States, have demanded greater access to Japan's financial markets.

The Finance Ministry has made a series of moves many in line with the May 1884 U.S. In pan currency talks. In 1985 and 1986, new markers for yen-denominated bankers are plants. bond futures and short term gov-ernment bonds were established. On Dec. 1, the Tokyo offstore

'Anthopper' Breaks Mold

Continued from page 7

with wife and children but in time for a chat and for a look at his fifth-grade son's homework. "My work is my rice bowl," he said. "But my family is what makes my life worth living."

Nor are anthoppers only male. Kyoko Sato manages a small television production company. She spends long hours, day and night, dealing with clients at home and abroad, researching story projects, arranging interviews and camera crews. But her weekends are sacred. She saves and spends with care. Her designer clothing is Japanese but she buys

"I buy things because they fit my taste," she said. They may be Japanese or foreign, or even completely nameless. I don't want something just because someone else has it. And this tendency seems to be even stronger among younger people. They are always on the lookout for something different, something that will express their own tastes." Even consumers of the ant generation - works-

holics living in rabbit hutches," as a European Community official caustically called them — have reached what the media calls the "silver age" and are much more in the mood to spend than they would

have been a decade ago.

They have paid their housing loans. Their children are independent. And with life expectancy lengthening dramatically (now nearly 75 years for men, more than 80 for women), most silver-age consumers are still in the prime of life. They go on trips to Hawaii or to Paris. They have hobbie

As in Mr. Ono's case, exorbitant land costs keep living space within rabbit-hutch dimensions. However, in home after home, this space is being rear-ranged as gleaming Western-style kitchens and bathrooms replace gloomy traditional interiors. The lowly water closet and its forebear, the privy, are being transformed by an amazing array of softly gurgling devices, some combining the functions of toilet and bidet.

None of this makes Japan necessarily an easier place for Western companies to do business with. The Japanese distribution system remains infuriatingly unwickly and inefficient. Japanese customers are legendary for their fussiness and intolerance even of slight defects. Furthermore, despite a string of market-opening measures, many Japanese companies keep foreign companies at arm's length West German toymakers from Baden-Württem-

berg, for instance, had to set up their own trade fair in Tokyo when they were barred from the regular Japanese toymakers' fair a couple of years ago.

Still, as people's thought and behavior patterns

change, a more welcoming attitude toward external

Dentsu; the average Japanese comple can look forward to at least five trips abroad, and these trips often feature special interests such as fishing, cooking or art history rather than simple sights

Japanese tour operators are beginning to enter the cruise ship business. And for young people, home ays abroad are often their first venture away from their own homes. In the process, they find they sometimes have more in common with non-Japa-

nese their own age than they do with their parents.
For most of the 40 years since World War, II,
Ispanese society operated within a fairly rigid
framework, a kind of self-imposed mental isolation.
These barriers are not easily removed. But the moment someone decides that he no longer wants to be just an ant, that he is going to explore at least some of the aspects of being a grasshopper, then, in Mr. Matsuda's words, "the revolution begins."

TAKASHI OKA is a correspondent for the Christian

Economic Restructuring

Continued from page 7

yet to reach bottom.
In the space of less than a year, Japanese companies became about 50 percent less competitive vis-à-vis the outside world than they had been. The first to feel the crunch were small and mediumsized export industries, cutlery and chinaware makers, for instance, that had few cash reserves to fall back on. Soon the effects worked their way through to the giants of Japanese exports — steel, cars and electronics.

The economy slowed to 2.5 percent real growth in 1986. The growth figure for this year is likely to be in the range of 1.5 percent to 2.5 percent, many private-sector economists say. Official government projections showing growth a point or so higher for the year beginning April 1 are widely dismissed as politically inspired pipe dreams.

spired pipe dreams.

The damage would be worse were it not for the strong yen's effect of making Japan's imports cheaper. In oil, the country got a spectacular windfall: Not only did the OPEC dollar-denominated price go down, but now fewer yen were required to buy each dollar. Measured in yen, the 1986 oil bill fell a startling 60 percent. Lower import bills fed a trend that the Japanese find increasingly embarrassing: the expansion, despite the drastic currency realignments, of their trade surplusers as measured in dollars. In his es as measured in dollars. In bilateral accounts with the United States, the gauge that worries them most, it grew from \$50 bil-lion in 1985 to about \$59 billion

in 1986, by U.S. calculation. Japanese statistics show that in volume terms (the numbers of cars, video cassette recorders, etc., shipped), exports came down a marginal 1.2 percent in 1986. Officials say the dollar figures will follow suit in 1987, due to the so-called J-curve effect of lagging response. Fears now are that the U.S. Congress will not be willing to wait. "I am very much con-cerned about the difference between the political clock and the economic clock," said Michihiko Kunihiro, chief of the Japanese cabinet committee on external af-

The Japanese feel that, as usual, the Western industrialized world does not understand the sacrifices they are making. Despite havoc in its industries, they note, the U.S. Congress has moved closer than ever to passing a comprehensive trade bill. Avoidance of such a bill has been a prime objective of Japanese

trade policy for years.

By the standards of the United
States and Western Europe, the sacrifices Japan has made remain small. Although in March unemployment hit a record postwar high of 3 percent, it is still a figure that most Western countries would love to call their own, Inflation is near zero and interest rates are lower than ever. But with stability and predictability highly desired in all walks of life in Japan, the events of recent months are deeply troubling. Altogether, the five major steel

producers sustained losses from steel operations of \$1.2 billion in the April-September period last year. Production is expected to fall from around 100 million tons to 90 million tons as all companies carry out capacity cuts on a par with those being done by Nippon Steel, the world's largest producer, in all, 42,500 employees will be cut, mostly through attrition and transfers to related companies. the April-September period last

The auto industry has been shaken by news of No. 2 producer Nissan Motor Co.'s first losses in its history, \$130 million between April 1 and Sept. 30. The cash-flush Toyota Motor Corp., the country's largest car. country's largest car producer, has recorded steep drops in prof-itability levels, as have most other producers. The electronics industry, meanwhile, is facing similar

loss of competitiveness. loss of competitiveness.

In many cases, companies are shifting production to the United States or to the low-cost environments of neighbors such as Taiwan and South Korea. In the meantime, Japan is concerned to see those countries' companies

see those countries companies nipping at its heels.

The strong yen appears also to be accelerating slightly Japan's gradual but steady movement into an economy dominated by services rather than manufacture ing and agriculture. Already about 57 percent of the work force is employed in distribution,

sales and services, up from about 53 percent 10 years ago. As man-ufacturing wilts under the yea's impact, resources are expected to shift toward services.

Some service-related companies — travel agencies offering package tours abroad, for in-- have had direct windfalls from the new year,

While Japan's export machine is being forcibly pared down, domestic demand is not in a position to pick up much of the slack. Investment in plant and equipment is likely to remain low inc.

1987. Housing starts are expected to drop below their 1986 leyels.

The recession has led labor more to seed a seed a labor more to seed a labor. unions to scale back their wage demands in their annual "spring offensive." Combined with rising unemployment, this will weaken

consumer spending. The picture is not much better for government spending. Prime Minister Yasuhiro Nakasone has made a national crusade of "fiscal reconstruction," the eventual balancing of a national budget that proportionately is more dependent on borrowing than that of the United States. The government has now promised to step up domestic demand and senior igures in the ruling Liberal Democratic Party are talking of a need to break with fiscal conservation. But it seems unlikely the government will move to expansionary

spending in a major way. Time: ing is the more likely alternative. The tax system, meanwhile, is a wild card of sorts. Mr. Nakasone had proposed — and seemed to have sewed up — a far-reaching rewriting of the postwar tax systern to cut personal and corporate. income tax rates and impose a 5percent sales tax on many goods and services. But the sales tax has brought strong resistance from opposition parties, aided by a few defectors within the ruling camp. The plan's future is now in doubt.

Despite the unfavorable news, however, there are optimists to be found. Some economists suggest that 1987 will put Japan over the hump in adjusting to the strong compete on world markets.

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By Andrew Horn general — Ling stone man fam the kond

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Throwaways' Seek Japanese Corporate Corporate

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By Christine Chapman

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TOKYO -- Masae Kimura, a 43-yearold housewife, works in a box-making factory six days a week, seven hours a day. She has Sundays and holidays off, but that is the only vacation she gets unless she takes a few days at ther own expense. She gets no paid vacation, no health insurance, no bonuses, no retirement pay, and if she leaves work early, she forfeits the hourly wage of 550 yen (about \$3.60, or 40 cents above the minimum 488 yen).

Mrs. Kimura is one of 3.5 million part-time

women workers who made up 22.7 percent of the work force in 1986. Although her 42-hour week is labeled "part-time," the maximum full-time schedule is 48 hours a week. According to the Ministry of Labor, many companies are reducing the 48-hour week, which is thought

excessive for full-time employees.

Mrs. Kimura considers her situation an improvement over the days when there were few pportunities for part-time work.

Things are a little better now," she said in the office of the Edogawa Union, a Tokyo local confederation of labor leaders and small-company workers, full-time and part-time. "When I began working about 17 years ago as a clerk in a supermarket, my children were in kindergarten and not many mothers had a part-time job. Or they worked very few hours.

These days, with nursery and day care available, they are working longer hours. Com-panies prefer them as cheap labor."

Talking to the amiable, unflappable Mrs.
Kimura, one would hardly guess that she is a

heroine to her sister part-timers. An unassuming woman, she hurries home after her job ends at 5 o'clock to make supper for her husband, then gets on a city bus to go to union headquar-ters and work on local labor affairs.

In 1984, she was something of a firebrand, a fighter determined to retrieve wages that she had earned but that a bankrupt company refused to pay. That year, Masae Kimura was working in a box-lunch factory, preparing meals to be sold daily. The company went

bankrupt, the president disappeared and none of the 46 employees, all part-timers, received their wages for two months.

"Most of us were women, with only five men," Mrs. Kimura recalled. "Many of them gave up trying to get the money, but I couldn't give up 200,000 yen, about \$1,000 then. I called the government's branch labor office and they told me about the local union.

"I brought 30 people with me who were laid off at the box-lunch company. After 18 months we got the money back. It was an important incident at the beginning of this union, the Edogawa local."

The local had been formed less than six months earlier with 37 members to represent part-time workers. With the efforts of the union's leaders, most of the missing wages were paid to the 46 employees. Masae Kimura is now a vice-chairman of the local, which has 256 members.

With the number of part-time working women tripling since 1970, unions have begun to support them. Women, once called "throwaways" in the Japanese labor market, represent 70 percent of part-time workers. Women who work part-time have become essential in an economy where the 3 percent unemployment rate is a record high. They are being used in blue (or pink) collar jobs in small factories, restaurants and coffee shops, grocery stores and department stores and other service indus-

In Edogawa Ward, where Mrs. Kimura works and lives, there are more than 6,000 offices and factories. "They are small compa-nies that can't afford full-time workers," said union chairman Masaalo Kodama. "The average staff is ten people, often only two or three. Many workers and businesses need consciousness-raising about part-time employees

The union and Mrs. Kimura would like to effect two important changes in government policy: One is to increase the maximum annual income allowed to a dependent spouse from 900,000 yen, about \$5,882, to 1.2 million yen, about \$7,843.

"I'm trying on purpose not to earn over 900,000 yen," said Mrs. Kimura. "When we

Women in the Work Force

Labor statistics show that nearly half the women in Japan hold jobs. However, only 25 percent of women aged 15 and older have regular, full-time employment, while 22 percent work part-time.



Typically, young women leave college and join the work force, remaining until marriage or childbirth. Fewer than half re-enter the labor market after childbirth. Most work in small enterprises or family businesses.

For women aged 50-54, the average length of service is 15 years in large firms, compared to 26 years for men. The importance attached to seniority in Japan's employment system puts vomen at an earnings disadvantage. At age 65, about 50,000 women continue working of part-time jobs.

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The other goal is to raise the hourly minimum to 600 yen, or \$3.92, up from the current

488 yen, or \$3.19. In Tokyo, 488 yen an hour is the "minimum minimum," said Edogawa Union's Mr. Kodama. The hourly minimum differs in Japan's 47 prefectures, or states. There is no national

A Ministry of Labor definition for a parttime employee is one who works 10 percent to 20 percent fewer hours than a full-time worker. said Junko Oshima of the Labor Ministry's Policy Planning Division, Women's Bureau. 'In an office of 30 or more employees, a parttimer works less than 40 percent of the hours of full-time workers, but some companies are confused about part-time hours," she added.

Whatever the official percentages, there are many women like Masae Kimura who work full-time hours for part-time pay. They give the lie to traditional ideas that women work for "pocket money," that they are only putting in

time until they marry and that they accept the iniquities without complaint.

Ministry of Labor statistics show that 85.9 percent are married, that their average age is 42 and 78.5 percent of them are 35 or older. They have two children. They choose part-time employment because of somewhat flexible hours and working conditions that allow them to manage housework and children. Since Mrs. Kimura works in her neighborhood, like many women, she is able to return home on the lunch

hour to do the laundry. The overriding reason for women to work at all is that they need the money. Nearly 56 percent work to supplement the family income, while another 13.5 percent provide the main income of the family. The remainder say they want to improve their standard of living, have money for hobbies and trips and spend their free time usefully.

Some of these part-time women workers have been leaders in separate efforts to improve their working conditions. For 20 years in Japanese courts they have protested unfair labor practices against part-time employees. In

1967, a woman working for a Tokyo cakemaking company was fired after six months although she had been hired as a part-timer for a year. The court agreed that there was no reason to fire her, and the case set a precedent against such arbitrary dismissal.

With the coming of respectability to part-time employees, is it government policy to encourage hiring them?

Junko Oshima, of the Policy Planning Division, and Reiko Hamada, of the Women's Labor Division, in the Ministry of Labor, said that officials were neutral on the issue, that it depended on the job market.

Because of the changes the Japanese economy is undergoing as it thoves from heavy industry to the service and retail-wholesale industries, where peak hours vary, the demand for female part-timers is increasing, the two officials said.

Since 1981, the Public Employment Security Bureau, an arm of the Ministry of Labor, has run job placement offices nationally. Called "part bank," Japanese-English for a part-time

workers' agency, they are located in large department stores and major train stations. The present 37 "part banks" help place part-timers in companies registered with them. Five new "part banks" are scheduled to be added.

In 1984 the Ministry of Labor published a Part-Time Workers Guideline reminding businesses that the Labor Standards Law applies to part-time employees, too. In November 1986, the ministry organized a 10-day campaign to alert the public to their problems.

A telephone hotline in Tokyo and 10 other areas has been set up by local unions for the use of troubled part-timers.

The harsh criticism of Yoko Sano, a labor conomist at Keio University in Tokyo, may no longer be true. In 1985, she said: "In Europe and the United States, they use immigrant labor. In Japan, we use women."

CHRISTINE CHAPMAN is a journalist based in Tokyo who specializes in education and cultur-

Just When Japanese Thought Joblessness Was a Thing of the Past...

By Andrew Horvat

OKYO — Long thought to be im-muse from the kind of large-scale uncomployment that has plagued oth-er industrialized countries, Japan is about to experience its worst period of joblessness in more than 30 years.

Impanese companies are not simply eliminating jobs, they seem to be letting go of ideals long assumed to be the ingredients of Japan's postwar economic success story - lifetime employment and a strong link between seniority and wage increases.

There are many reasons for the layoffs in

appreciation in the value of the yen. The dollar, which was worth 242 yen 18 months ago, is trading at just above 150 yen these days. This has meant that in order to earn the same in yen terms as in September 1985, Japanese exporters would have to raise their prices 61 percent.

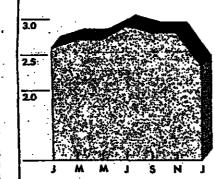
Although the prices of some Japanese products have increased overseas, most manufacturers have adopted drastic cost-cutting measures at home in order to stay competitive abroad. In many cases, this has meant the chimination of thousands of jobs, the closure of plants and the transfer of work to lower wage

areas overseas. The worst hit of Japan's industries have been steel and shipbuilding, which were already facing difficulties before the revaluation of the yen. Nippon Steel, the world's largest steel-maker, amounced earlier this year a plan to shut five of twelve blast furnaces, eliminating 19,000 jobs in the next three years. Although a company spokesman insisted that only 4,000 workers would actually be let go, with others being transferred to related companies, the net result will be a reduction of jobs available for

Japanese.

About 37 companies in fields ranging from shipbuilding to electronics have amounced 45,000 layoffs. The coal industry will lay off 10,000 miners from a total work force of 10,000 miners from a total work appearant. 24,000. Labor Ministry officials say 38 percent of manufacturing firms have already reduced their work forces as a result of recent changes stemming from the yea's rise.

Record Jobless Rate (as a percentage of total workforce)



Added to the thousands of jobs being phased out by declining industries are nearly a million new jobs that Japan's still competitive automobile and electronics companies intend to transfer overseas in the next 15 years.

Japanese business leaders say they have no choice but to move production abroad. "Since the sudden increase in the value of the yen our expenditure on wages is now six times what our competitors pay in the newly industrializing countries," said Takashi Kashiwagi, a director of Hitachi Ltd.

Labor Ministry officials estimate that the high yen has driven 50 percent of Japan's leading manufacturers to move part of their production overseas. Those that are not actualy moving factories abroad are cutting down domestic production and increasing procure-

ment of parts from abroad. Strange as it may seem, however, Japanese unemployment is hardly perceptible to the outsider. According to official figures, joblessness stood at 3 percent in January, compared with 11.6 percent in Britain, 10.5 percent in France, 9 percent in West Germany and 6.9 percent in the United States.

The official figures, however, do not tell the whole story. To begin with, Japanese statistics are based on the assumption that anyone who works more than one hour a week is employed. Moreover, unlike in most countries, soldiers are included in the labor force.

The Japanese practice of sending workers home to wait out tough times at half-pay also makes comparisons difficult. According to the Sanwa Research Institute, just under a million workers are functionally unemployed in this way in the manufacturing sector alone.

Statistics also fail to record the human tragedies of the thousands of workers who will be summarily sent by management to any compa-

ny willing to take them in. Bunnei Otsuki, head of tion of Employers' Associations, stressed in a recent interview that Japanese companies "must make utmost efforts and find ways not to fire employees. Unless we do so, the trust between management and workers will be in jeopardy." But it is difficult to tell whether Japanese workers will be any less resentful of employers if instead of being fired they are shunted off to low-prestige, dead-end work at affiliated companies as part of a process of

involuntary transfers. The specter of large-scale unemployment has cast a shadow on this year's annual spring labor offensive, or shunto, the period when Japanese unions negotiate for higher wages. In previous years, steel workers were the first to settle their contracts and the wage increases they received acted as a barometer for other industries. This year, however, steel workers are demanding job security; wage increases are out of the question.

Although lifetime employment never extended to more than 20 percent of Japan's labor force, there is little doubt that in the next three years even fewer Japanese workers will be allowed to stay on until retirement. According to Mr. Otsuki, if all Japanese companies make the effort to retrain workers and resort to transfers instead of dismissals, Japan's unemployment rate "will be contained at the 3 percent level." But a government report released in early March predicts unemployment will reach 4 percent by 1990.

Indications are that a number of Japanese

employers are also taking advantage of the depressed labor market to pare down payrolls that reward age over ability. Management at Nissan Motors and Kobe Steel are reported to be pressing for formulas aimed at assessing the

performance of workers. There is another reason, however, why the

effects of unemployment in Japan are difficult to see from abroad: The worst-hit areas are far from Tokyo, in the rust belts to the extreme south and north. Unemployment figures reached 4.2 percent on the northernmost main island of Hokkaido late last year and 3.7 percent on Kyushu in the south. At one Kyushu

plained that they received no offers of employment from affiliated companies.

ANDREW HORVAT is The Independent's



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Doubts over Pentagon Policies Blunt Enthusiasm for SDI Role

By Daniel Sneider

NOKYO - For Japan, President Ronald Reagan's Strategic Defense Iniuative program offers both opportunities and perils. The lure of access to the frontiers of high technology and the desire to cement security links with its U.S. ally drives Japan forward into participation in SDI.

Yet, fears that Pentagon security regulations will block commercial use of research results. and worries about the political fallout of joining SDL restrain Japanese enthusiasm.

The Reagan administration's talk of "early

deployment" of SDI anti-missile systems, perhaps by 1993, has heightened such concerns. When Edward L. Rowny, the U.S. arms control adviser, visited Tokyo recently to discuss this issue with Japanese officials, they politely reminded him of the terms of their decision to

"Japanese officials explained our basic posi-tion on SDI participation," said Yukio Oka-moto, director of national security affairs for the Foreign Ministry. In September the government laid out a number of conditions, several of which were emphasized to Mr. Rowny. Those were according to Mr. Okamoto, "that the initiative should be carried out in conformity with the ABM [anti-ballistic missile] treaty: that consultation with allies and negotiations with the Soviet Union should precede actual deployment; and that the decision of the government of Japan was made to join a research program."

Mr. Rowny reassured the Japanese that they would indeed be consulted before any decision on deployment was made. Publicly, the government was satisfied. Privately, an official said, they were worried about the enthusiasm expressed by Mr. Rowny about certain "breakthroughs" in technology that could allow early deployment of SDI systems. The official described these as space-based "kinetic kill vehicles" and some ground-based systems.

There is some skepticism over the reality of such claims of technology advance. More seri-ously, the official said, the Japanese feel that the Americans underestimate the political difficulty this can cause the Japanese government. The opposition parties, without exception, have been opposed to an SDI role, viewing it as a violation of the constitutional bar to joining collective security arrangements. Those par-ties, a Foreign Ministry official fears, are sure to question the government's assurance last September that they are only joining a "re-search program designed to provide technical

'We don't feel a strong pressure to reach a hasty agreement.'

knowledge for the future U.S. decision on the development and deployment of the strategic defense systems."

In response, the official said, "we will adamantly stick to our original line that we understand SDI to be a research program and that no decision has been taken on deployment." But he said he feared that this line would

The political sensitivity of this issue is augmented by the fact that negotiations between Japan and the United States on the actual agreement for SDI participation are unfin-ished. The government gave the initial nod to participation in research work Sept. 9, a year

and a half after the U.S. offer was first made by Secretary of Defense Caspar W. Wemberger. That decision followed a prolonged study of the program, involving not only government officials but representatives of 21 of Japan's leading high-technology and military produc-

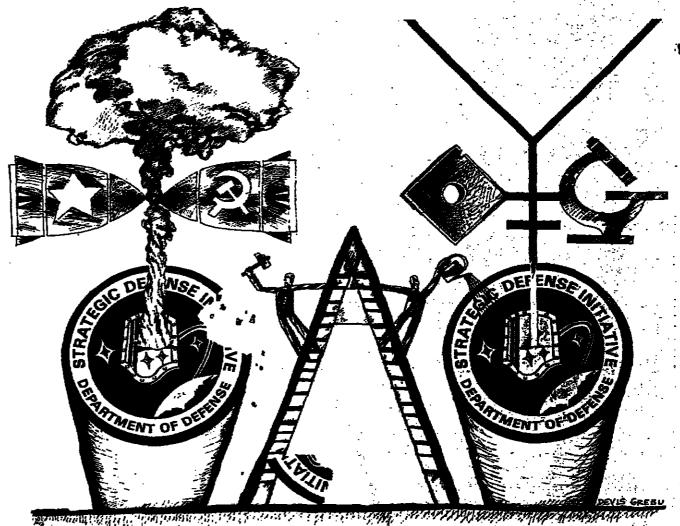
Since September, the Japanese and U.S. governments have been engaged in careful and prolonged negotiations on a framework agreeprolonged negonations on a framework agreement to govern the participation of private firms and government research labs. Earlier, U.S. officials had hoped to conclude those talks by the end of the year. Now, a Japanese government official said, "we don't feel a strong pressure to reach a hasty agreement, although we would like to conclude this as soon as possible."

The key issue in the talks, Japanese officials say, is the insistence on guarantees that they will be able to take advantage of the results of their research work. SDI offers Japanese companies a valuable path into frontiers of high technology. But they are greatly concerned that Pentagon security regulations will not only void those benefits but could lock up Japanese high technology brought into the ргодгат.

This issue was at the center of difficult talks on West German participation in SDL Japa-nese officials say privately that they are unhappy with the German agreement, which is reported to reserve the Pentagon's right to own and classify the results of any research work. That agreement is secret, though a purported copy of it was leaked last year to a West German newspaper.

"There is considerable interest" in SDI among Japanese companies, said an official of the Ministry of International Trade and Industry. "But they are somewhat cautious, too. They want the government to clear the passage for them, and only after that they will start

The MITI official said the companies were



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not impatient with the slow pace of the talks. Japanese companies have had "preliminary The Japanese government and industry have little, if any, experience with the Department of Defense acquisition procedures," he said. The talks are aimed at helping Japanese companies "feel more comfortable in participating

In the meantime, the official said, several

discussions with some U.S. companies on possible tie-ups" in SDI projects. Mitsubishi Heavy Industries, Japan's leading acrospace and military contractor, reported a few months ago an offer from Raytheon Corp. to join a consortium with several European companies to bid on an SDI contract. Mitsubishi de-

marred because of the government talks but the company says it has a strong interest in future possibilities.

DANIEL SNEIDER is a Tokyo-based correspondent for Defense News and The Christian Science Manitor.

Military Budget Creeps Over Magic Mark and the Alarm Bells Sound

By Sam Jameson

OKYO — To Yuko Kurihara, the director of Japan's Defense Agency, critics such as former U.S. Secretary of State Henry A. Kissinger, who believe Japan will transform itself into a military giant, are mistaking ghosts of the past for realities of the present.

"Kissinger may be a great man, but on this point, he doesn't understand," Mr. Kurihara said in an interview.

In a widely circulated article, Mr. Kissinger said that a decision by Prime Minister Yasuhiro Nakasone to lift an arbitrary ceiling of 1 percent of gross national product on military emerge as a major military power in the not-

The most immediate effect of the decision was to increase Japan's fiscal 1987 military budget by \$89.3 million more than it could have been raised otherwise. A budget that last year was equal to 0.997 percent of GNP will amount this year to 1.004 percent.

By fiscal 1990, Japan will be capable of

withstanding a limited, small-scale attack, a goal it has been seeking since 1976, when the cabinet originally fixed the 1 percent limit. Even after 1990, however, it will not be able

to defend its sea lanes. Nor are there any indications that Japan might one day come to possess, or even wish to possess, nuclear weap-

ons, bombers, seaborne landing capability or

ground troops able to stage foreign invasions. Yet, along with Mr. Kissinger, opposition forces in Japan have warned that the decision will once again turn Japan into a military giant. Chinese leaders, too, have expressed this fear.

Mr. Kurihara said such critics were getting

the past confused with the present.

"In the old days, the military was the emperor's military.... It utilized the emperor's power of supreme command ... to move politics. Military men ... held a veto. If [civilians] refused to listen, they could keep out of a cabinet an army minister or a navy minister" and thus prevent the formation of a government, Mr. Kurihara said.

Today, no elected prime minister, the com-

mander of what Japan now calls the Self-Defense Forces, could ignore the parliament or the people, who, in Mr. Kurihara's mind, constitute the most powerful limit on increases in

military spending. Parliamentary democracy has been firmly

established in Japan, Mr. Kurihara said, and we should hold more pride and faith in it." One of Japan's leading military experts, retired General Hiroomi Kurisu, a former chairman of the joint chiefs of staff, agreed.

In a separate interview, he said that transforming Japan into a military power would mean, first, giving the Air Self-Defense Force an attack capability, including bombers, which it does not have. The Maritime Self-Defense Force would have to be able to launch seaborne landings, a capability "they don't have at all now." The Ground Self-Defense Forces would need "at least 500,000 troops," or more than twice the present strength, he said.

Nuclear weapons, too, could make Japan a military power, although "I do think Japan could become kind of a military giant even without nuclear weapons," said General Knrisu, who is known as a "hawk."

But "as a matter of reality," he said, none of the elements needed to become a military power stand any possibility of winning approval from the people, "certainly not in this century, and even as far into the next century as is conceivable at present."

Mr. Kurihara said there also were physical limitations on military strength.

"Japan is a small, narrow country," he said. "What would we do if we bought 300 or 400 F-15s, for example? We have no airstrips for them. ... It's nearly impossible to describe how hard it is even to obtain an area to conduct

a military exercise." In addition, the Self-Defense Forces cannot recruit enough volunteers, he said. The ground, air and maritime forces have 241,000 members, compared with a World War II peak of more than eight million. Authorized strength is

To General Kurisu, giving Japan adequate military power would require 1.5 percent to 1.7 percent of the GNP. But so sensitive is the public to military spending that "even to get to 1.1 percent of the GNP in defense budgets in the next five years would be an accomplishment." he said

With the cabinet decision to allow spending for the five fiscal years between 1986 and 1990 to reach a total of 18.4 trillion yen (\$122.7 billion), Japan will be able to expand its military budgets in each of the next three years by "about 5.4 percent," Mr. Kurihara said. That will virtually ensure the achievement of goals

Cost of Defense

% of

(in billions of U.S. dollars)

<u>-</u>	Ouncys	GNP	
JAPAN	22.0	1.0	
W Germany	27.2	3.1	
7-10-77-1		2.6034 2.6033	
françe	27.7	40	
Britain	28.7	5.2	
		The same	
U.S.	292.6	6.7	

Source: Japan 1987 budget, NATO, IISS.

Japan set in weapons and equipment procurement under a 1976 outline, he added.

The outline provided for 62 frigates, 93 P-3C anti-submarine aircraft and 320 jet fighters, including 163 F-15 Eagles.

General Kurisu, however, said such a result would still leave Japan's armed forces with

The spending plan will also fail to bring

Japan up to the standards the United States would like to see. Although Secretary of Deiense Caspar W. Weinberger has said publicly he would like Japan to be able by 1989 to defend its sea lanes out to a distance of 1,000 miles (1,610 kilometers) from Tokyo and Osaka, Mr. Kurihara said only that such ability would be achieved "to a considerable degree" by 1991.

General Kurisu predicted that sea lane defense would not be achieved until 2000 if the current pace of spending continues. At least one additional flotilla would be needed, he

The military budget now before the partia-ment calls for 3.52 trillion yen in spending for

fiscal 1987, beginning April 1. Annual increases of 5.4 percent would raise the budget to \$27.5 billion in fiscal 1990, still less than Britain, West Germany or France now spends on

What happens after fiscal 1990 has been left for the next government to decide, Mr. Kurihara said. However, he added, the philosophy of "moderate defense spending" — the core of the 1976 cabinet decision — will be maintained despite Defense Agency declarations in recent years that the "potential threat" from the Soviet Union has been growing.

"We will put in our plans what is needed for apan's defense, and as a result of that, look at he amount to which defense spending adds up. [But] we will not be adding items because we have a new leeway," he said.

· The 1 percent limit has come to assume an mportant place in the anti-war mentality of the Japanese people, born of defeat in World War II, so much so that "it cannot be changed adically," he said.

"Historical experience," Mr. Kurihara said, ustains Asian countries' suspicions of Japatese motives. Japan, however, must keep try- 🌹 ng to convince them of its commitment to eace, he said.

Mr. Kuribara said he will tell Chinese leaders when he visits Beijing later this year that Japan "frankly" accepts its responsibility for its war with China and that "we not only won't

do it again, but cannot do it again." He said he welcomed the fact that Washington opposed the idea of Japan becoming a military power. Under the U.S. Japan security treaty, he said, "the United States should accept the responsibility for Japan not becoming a military giant" by "rescuing us from whatever deficiencies [we have]."

Both Mr. Kuribara and General Kurisu said the chief long-term significance of lifting the 1percent-of-GNP himit would be to refocus debate in Japan from sums of money to what the country actually needs for defense.

- "Fussing about I percent is nonsense," Mr. Kurihara said. "This doesn't focus on the substance of defense, which is what should be

The I percent limit, General Kurisu said, was "a formalistic obstacle that stood in the way of thinking about goals of substance in defense." Its removal, however, will provide no

more than a stepping stone toward a realistic debate, he said. SAM JAMESON is a Tokyo-based correspon

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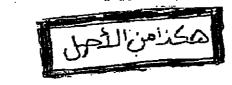
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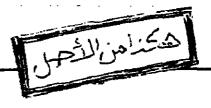
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TO COLLEGE

Karl Lagerfeld has redone Chanel with shorter skirts and much brighter colors.

Reassembling Chanel as Skirts Go Up

By Hebe Dorsey mal Herald Tribus

Th ARIS - What every woman needs at this point is a good pair of scissors. As the ready-to-wear collections keep unfolding skirts keep climbing.

But otherwise, with Dior, Givenchy and Chanel, things were back to normal with expensive, understandable clothes - and goodbye madness.

At Chanel's, Karl Lagerfeld had fun taking apart the Chanel look, then putting it back together again. It worked and this was a peach of a collection, Skirts were ultra-short with legs outlined in opaque pantyhose. Laced-up booties or flat shoes replaced the famous beige and black lady-like shoes. All of which would have made Coco Chanel, who hated the mini, very un-

Lagerfeld cropped everything short, including boleros, and re-placed Chanel's classic blouses

The classic Chanel suit kept disintegrating as Lagerfeld threw tweed jackets over jacquard knit tunics that were more micro than mini. Tunics were also topped by twin-sets or long cardigans. Asymetrical fringed skirts were so minuscule they looked like fringed cashmere scarves.

Wide, black ciré leather belts into strong colors - reds, blues. greens - and did u lot of mix and and checks. Quilted leather suits have passed for couture.

Town Hall with Billie Holiday.

went out with Jazz at the Philhar-

He began to have his clothes cus-

Miles Davis was on the same list: We were the only two blacks and

the only two musicians. It was a

mixed blessing, people started talk-

ing more about my clothes than my

drumming. And it still goes on. If I

have a hole in my sock, some girl

will say, 'Hey, I thought you were supposed to be well dressed.' "

Paris for the first time, with Sarah Vaughan, in 1954. "That really turned me around," he said. "They put a guy who's playing back-ground for a singer on their cover. Paris has been special for me ever

Last year his superbly staffed youthful quartet recorded in the

Magnetic Terrace, a chub in Les

Halles where they are currently appearing, and the album, "True And False" (Freelance Records), has just been released. It illustrates the

Jazz Hot magazine ran a cover ry on Haynes when he came to were attractive as were the Russian navy suits. The beautiful brown iersey suit, with military collar, which cropped up toward the end could well become the new Chanel.

The evening picture looked best when Lagerfeld stuck to the old Chanel classics. Ivory silk blouses, with lace cuffs and fronts worn

PARIS FASHION

with long, flowing silk pajamas in a Prince of Wales pattern, were delicious in an ambiguous but acceptable way. On a black velvet background, one outfit featured a heart-

shaped red satin boiero. The familiar Chanel gold chains and buttons were used with abandon. There were gold chain shoulder straps and others strung at the back of black dresses. Gold buttons turned up at the back of skirts or down the sides of dresses. All of it a bit much and yet not enough to revive the old Chanel look.

Hubert de Givenchy is a pro, and his collection Monday morning was perfectly in focus with lovely, timeless clothes for equally lovely women. There was no outrageous ness here, no culture shock - but a grateful audience rose to its feet to thank such a gentle, distingué de-

signer.
The news here was short but adult. It was all in the proportions, slim and low-waisted with strong and matching ciré bow-ties, were shoulders. Long tunies topped very new. The pale color scheme of Cha-nel was no more. Lagerfeld went touched up with gold accents, recalling Givenchy's last couture collection. Actually, these clothes match, combining different plaids looked so well made they could

strong colors — red, purple, green
— for daytime and black for evening. Details included suede patch

pockets on jersey chemises, big ponchos over everything, jungle prints and quilted leather coats. Evening wear, again mostly

short, included satin bubbles or bloomers attached to long black velvet torsos. This designer's homage to hips was strongly outlined velvet panniered peplums over strict, black jersey sheaths.

Other news at Givenchy's included a new boutique on the Avenue Montaigne.

At Dior's, things have not im-proved much, and this house is still in need of a good designer. Skirts were short under Austrian dufflecoats, complete with frog fastenings, Bavarian-inspired coats, worn with Tirolean hats, had deep pleats in the back, held by a high belt. For evening, short bubbles alternated with short and skinny bustier dress-

The collection of Enrico Coveri was peppy and fun and so young it looked like a college campus gone wild with color. Coveri is a young successful Italian designer who is trying to make his mark in Paris. His collection also included children in bright ski outfits - children's wear is one of Coveri's 37 licenses.

The colorful Peruvian knit group was one of the best parts of this collection as well as the brightly plaid campus look. Evening wear, which Coveri is tackling for the

considerable adjusting.

Issey Miyake, the giant of Japanese fashion, has gone to the West just like his colleagues. Once wildy involved in fashion-as-an-art-form and wild drapings, he has now settled for more understandable dibet is a sincere, dedicated designclothes. Despite the asymmetry and some tricky buttons that never

Givenchy, who designs with the first time, was all about poufs à la posed to, these straightforward American market in mind, kept to Christian Lacroix—and still needs clothes were told in simple, uncomplicated and highly comfortable

The surprise of this season turned out to be Marc Audibet, a newcomer on the scene who is bound to make serious waves. Auer and his research into new stretch fabrics, which should push fashion buttoned where they were sup- forward, was a riveting experience.





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Roy Haynes, the Uncrowned Drum King

By Mike Zwerin al Herald Tribus

DARIS - Some Roy Haynes John Coltrane: "Roy Haynes is one of the best drummers I ever

Max Roach (to Charlie Parker before leaving his band): "Hire Roy Haynes."

Esquire magazine: "Roy Haynes is one of the best dressed men in Sonny Rollins: "Roy should be

immortalized. I can dig his statue somewhere, like the one of Sidney. Bechet in Antibes." Lester Young: "You should be called the Royal of Haynes."

Roy Haynes: "I'm a king, man, and I don't need the industry to tellme that, or win any polls" -- he. wins few -- I'm an uncrowned king and I know it. I carry myself like a goddann king. I know Im cool.

I've been to the mountaintop." In 1951, he refused Duke Fling-ton's invitation to replace Louis here were too many guys on that

MARCH 24, 1987-IT'S BEEN SEV

THROUGH REAGAN'S BRAIN...

DOONESBURY



Best-dressed Roy Haynes in Paris.

band who weren't ready for Roy day copped some of my important Haynes."
"Roy Haynes suggests the beat,"
"Roy haynes suggests the beat,"

Charles Mingus said in the '50s. I just sit back and laugh at most of Coltrane described Haynes's time it. My father, he was born in Barba-as "spreading, permeating." Elvin dos, he used to call himself a self-made man. I'm not going to say

stuff," Haynes told Down Beat magazine: "But we love each other. After growing up in Boston, the positive side of recording live: The teen-age Haynes worked with public adds its energy to the ener-Frankie Newton, Pete Brown and getic "neo-bop."
Sabby Lewis. In 1945, the band-

leader Luis Russell sent him a one- school, paid off the mortgage on his way ticket to New York. He played Long Island home; there are no more car notes and he does not take drugs. At 61, be can afford to relax and pick his spots, "so that when I monic, worked with Young, do play, I really mean it. I want it to float like a balloon on the band-Parker, Rollins, Coltrane, Louis Armstrong, Thelonius Monk, Stan Getz, Gary Burton, and Chick stand. Let it expand, but not too Corea. He had "money and cars and was single."

much, because if it breaks it's all over. I'm talking about jazz. Other people did it, but Roy Haynes did it and did it and did it. I keep going tom-made by a tailor in Camwithout going down. I'm proud of that. If people have any sense, anybridge. Esquire included him on its best-dressed list. He recalls that time I'm advertised they'll be

> The Ray Haynes Quartet: Magnetic Terrace (12 Rue de la Cossonnerie), through March 28.

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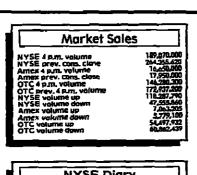
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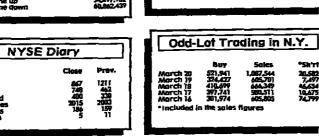
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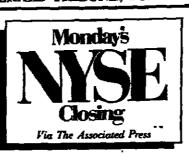
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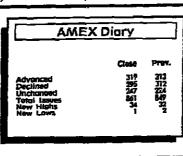




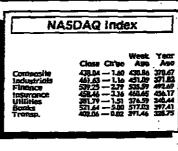
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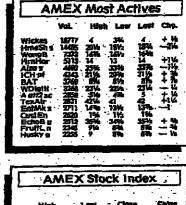
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Dow Sets 5th Straight Record

NEW YORK - The Dow Jones industrial average rose to a fifth consecutive record close Monday in heavy trading on the New York Stock Exchange, as arbitrage-related buy pro-

grams sparked a blue-chip rally.

The Dow, which rose 74.86 last week, was up 30.26 to close at 2,363.78. Advances led declines by 9-7 ratio among the

990 issues traded. Big Board volume amounted to about 187.3 million shares, compared with 234 million on

Friday. Prices were higher in active trading of Ameri-

"The Dow was distorted by the large number of arbitrage programs," said the market strategist Alfred Goldman of A.G. Edwards & Sons.
Upside volume was about 2-to-1 positive, but

the advance/decline figure was only narrowly positive, he said. That shows that there is more and more money chasing lewer and fewer stocks, he said, calling it a sign that the market is losing some of its vigor and will become more discriminating.

The big gainers, besides the broad array of

Dow stocks, were the linerboard paper producers, technology and drugs.

Further weakness in the dollar, recent increases in linerboard prices and expectations of strong earnings propelled stocks of linerboard producers, traders and analysts said. Even though these stocks have come a long way recently, earnings power is still very good and the market is anticipating further growth, analyst Thomas Clephane of Morgan Stanley & Co.

Stone container rose 3% to 93%, Temple Inland 1½ to 82%, International Paper 2% to 106% and Union Camp 1% to 69%.

"We are looking for strong earnings gains for the next two years and we are seeing significant industry restructuring," Mr. Clephane said. In addition, he said, pricing throughout the indus-

Other paper stocks were also big gainers, Champion International, which owns a stake of Stone Container, gained 1% to 414, Mead 14 to 72, and Kimberly Clark 3% to 117.

American Telephone & Telegraph was the most actively traded issue, up % to 24%. Traders said investors were encouraged by ATT Chairman James Olson's remarks on Friday that cash flow so far this year was ahead of budget and cost-cutting efforts were going well.

Wendy's, the next most actively traded stock, rained % to 12%. Takeover speculation buoyed Wendy's stock even after Coca-Cola denied market rumors that it was interested in McDonald's jumped 21/2 to 79% after attract-

ing its second recommendation in as many ssions. Monday, the Goldman Sachs analyst Richard Simon reiterated a recommendation. Texas Instruments rose 41/2 to 180, after the market closed, the company said the U.S. Inter-national Trade Commission approved its previously disclosed settlement of a patent dispute with a number of Japanese semiconductor com-

panies. The company said it would record a

pretax, pre-profit sharing gain of \$108 million Reuters, UPI

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TUESDAY, MARCH 24, 1987

Herald Eribune. BUSINESS/FINANCE

Dow Average Sets Record. Page 14.

4 P.M. PRICES

Page 15

INTERNATIONAL STOCK MARKETS

Worldwide Securities Boom Passes Dutch Market By

By EMMA ROBSON

MSTERDAM --- While exchanges around the world revel in the general securities boom, the Dutch stock market remains lackituster despite a series of largely positive annual corporate results and signs of a more stable dollar, analysts have said.

Prices and turnover on the Amsterdam Stock Exchange have spring back from lows reached when the dollar dipped below the 2 guilder mark in January. The ANP-CBS general index, which was at 259.20 on Jan. 29, stood at 278.60 at the close of trading

More stable dollar,

companies' profits

sustained recovery.

have yet to spark

But market analysts say only lower interest rates or a further rise in the dollar, which ended

last week at 2.069 guilders, could maintain the momen-"Between end-1982 and

and-1986 Dutch stocks rose by around 150 percent, but the dollar's sharp fall last year put the brake on the bull market,"

Taken

1 - 12 S

said Philip Menco, analyst with Bank CLN Oyens & van Eeghen. The dollar's current level compares with an average in 1986 of 2.45 guilders, and 3.35 in 1985, official figures show.

But Arjen Los, analyst with the Dutch merchant bank Pierson, Heldring & Pierson, said there was room for some optimism. "The market is exaggerating the whole dollar affair," he said.
"We've seen the bottom of its decline. But what is lacking is a stimulus on the interest rate front."

"The scope for price rises in Dutch shares is narrow, given the himited room for lower interest rates," Mr. Los said. He added that the Dutch market could only dream of the returns of around 15 percent that are seen in rising markets elsewhere in Europe.

HEN THE DOLLAR slumped in the second half of 1986, U.S. and British investors were heavy sellers of Dutch stock. They made an enormous currency gain, according to Mr. Menco of Bank CLN.

Figures from the Finance Ministry show that foreign investment in Dutch stock last year fell by nearly half to 4.2 billion guilders (\$2.03 billion).

Mr. Los of Pierson envisaged no significant revival of foreign interest in the Dutch market. He said he expected that the large, liquid pension funds in the Netherlands would pursue a more aggressive portfolio management policy while continuing to invest in markets with weaker currencies.

Outflows of nonbank Dutch capital were a record 21.4 billion guilders last year, 12.3 billion of which stemmed from securities

Koos ten Have of Staal Bankiers said that Dutch institutions had been rallying to buoyant foreign markets, but this season's results could coax some of them back to the relatively underpriced Dutch market.

Mr. ten Have said Dutch price/earnings ratios based on forecasts of 1987 results were broadly unchanged compared with 1986. With an average ratio of 10, they were still attractively lower than shares of other exchanges, he added.

He said the reliability of the strong guilder was a further factor favoring investments in stock of Dutch companies.

Senior bank economists said that last week's official economic forecast by the CPB planning agency painted a gloomy picture of the Netherlands economy but this would not shake investor

confidence in the country's business sector. The economy of the Netherlands was doing relatively well compared with that of other nations, they added.

Analysts say most companies have fulfilled expectations, while some concerns, particularly in food and publishing, surprised the market with continued solid profit growth despite major investments denominated in dollars and British pounds.

See DUTCH, Page 17

Currency Rates

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C&W Says A Merger Is 'Unfair'

Company Rejects Japanese Plan

TOKYO - Cable & Wireless PLC said Monday it would not accept an "unfair" Japanese gov-ernment plan that would diminish the British communications giant's participation in Japan's new inter-

Jonathan Solomon, the director of special planning, said C&W had no intention of accepting the plan for merging the two joint ventures bidding for licenses in the government-controlled overseas telecommunication field.

C&W has a 20 percent stake in International Digital Communications Planning Inc., one of the two companies seeking to break into a market that had been monopolized by Kokusai Denshin Denwa Co. Lid until two years ago.

Pacific Telesis International of the United States, which owns 10 percent of International Digital, also opposes the plan, which would limit foreign companies' shares of the merged enterprise to about 3 percent each, compared with 5 percent for the main Japanese partners.

Japanese law allows foreign ownership of as much as one-third. International Digital's rival, In-

ternational Telecom Japan Inc., is owned by Mitsubishi Corp., Mitsui Co., Sumitomo Corp., and 53 other Japanese companies. The Japanese commercial trading concern, C. Itoh & Co., owns 20 per-cent of International Digital.

The Japanese partners in both companies support a merger, which, the government has said, would strengthen the competition's position against Kokusai Denshin

The government plan, which also would bar C&W from full-time participation in the management of the merged company, is incompati-ble with international practice, Mr. munications market is "fair and

Mrs. Thatcher and U.S. officials have recently written strongly worded letters to Japanese officials nications market to foreign sent debt policy.

Mr. Solomon said that a feasibility study made by International Digital had shown that two competitors could coexist against Kokusai Denshin Denwa. He said that the reduced equity plan was "a joke" that did not make "business sense."

During Mr. Solomon's visit here the Japan Federation of Economic Organizations, or Keidanren, had tried to persuade C&W to accept the unification plan.

Fumio Watanabe, the Keidanren mediator on the telecom question, said that C&W had pressed its demand that the new international should immediately lay a trans-Pacific submarine cable.

A Battle Brews at Giant San Miguel Company Is Case Study in Post-Marcos Uncertainties

By Nicholas D. Kristof New York Times Service MANILA - San Miguel Corp., by far the largest concern in the Philippines, is a company with an identity crisis. No one

knows who owns it, its former chairman is in exile, the government has sequestered more than half of its stock. It offers a case study of the traumas and uncertainties that business has faced in the Philip-

pines since the departure of Fer-dinand E. Marcos, with whom most companies had warm relations when he was president. Eduardo M. Cojuangeo, San Miguel's chairman until about a

year ago, was a close associate of Mr. Marcos. Even though Mr. Cojuangco also is a consin of the new president, Corazon C. Aquino, be fled when Mr. Marcos was ousted. "It is not quite fair to say that

San Miguel was in bed with Mar-cos," said Solita Collas-Monsod, the Philippines' secretary of eco-nomic planning, "San Miguel was forced to go to bed with Marcos."

In one way or another, many companies had close links with the Marcos government. The president and his associates often were large shareholders. After Mrs. Aquino took office, the government confiscated large blocks of shares of many of the biggest corporations, contending that these shares had been obtained with ill-gotten wealth. Many companies also had to deal with new board members appointed by the government.

"Almost all big companies are in this situation," said Randa F. Inumerable, who heads the Manila office of Jardine Fleming Securities. "The government has put people on the boards of directors. But on the operations side, I don't think there have been significant changes."

Others echo that sentiment. Bernardo M. Villegas, a promipent economist who sits on the board of a Benguet Corp. subsidiary, said Benguet's day-to-day



Ferdinand E. Marcos

operations have suffered little from the sequestration of a large stake believed to have belonged

to Mr. Marcos. Yet the turmoil has taken a toll, as is evident at San Miguel. Founded in 1890 as a small brewery, San Miguel Corp. has grown into a pillar of the Philippine economy. Together with its subsidiaries, the company ac-counts for 3.5 percent of gross

'San Miguel was forced to go to bed with Marcos.'

— Solita Collas-Monsod, secretary of economic planning

national product and pays 5 percent of the nation's taxes. The company's tentacles extend everywhere. It is the country's largest cattle farmer, it op-erates Shakey's pizza parlors and it distributes Coca-Cola. It supplies nearly all of the ice cream,

butter, milk and beer consumed

year ago, it supplied a good num-

ber of votes for Mr. Marcos in his presidential campaign against Mrs. Aquino.

San Miguel's entry into politics came after Mr. Cojuangco bought a controlling interest in the company in 1984 from the Sorianos, a family of Spanish de-scent dominant in the local aristocracy, who had controlled the company since the early 1900s. Mr. Cojuangeo retained a scion of the family, Andres Soriano 3d, as president, but Mr. Soriano's authority was drastically curbed.

When Mr. Marcos battled Mrs. Aquino in the presidential election a little more than a year ago, Mr. Cojuangco put all of the company's resources behind Mr. Marcos. Its 18,000 employees were ordered to back Mr. Marcos, and Marcos bumper stickers were put on the company's fleet of 2,000 vehicles. The company was torn apart, and many employees backed a consumer boycott by Mrs. Aquino's supporters

of San Miguel products.

Then Mr. Marcos was ousted, and Mr. Cojuangco fled. Analysts say that Mr. Soriano saw his chance to recover control of the family company and acted swiftly. The company describes the events as a product of nobler motives.

"The company was drifting, and it was demoralized," said Ramon del Rosario Jr., whom Mr. Soriano soon installed as chief financial officer. "Mr. Soriano responded out of a sense of responsibility to the organization, to the employees and to

San Miguel says that Mr. Sor-iano simply tried to resolve quickly and decisively the confusion about ownership of the company. His critics, including some government officials, say Mr. Soriano tried to use corporate assets to seize control of the company for himself.

"If it happened in New York, he would be in jail." said Ramon Diaz, chairman of the Presidential Commission on Good Govby 56 million Filipinos. And, a See SAN MIGUEL, Page 19

U.S. Offers IADB \$9 Billion, but Wants More Say

MIAMI - Treasury Secretary James A. Baker 3d told Latin American and Caribbean leaders Monday that they must choose between having a small Inter-American Development Bank that they control and a much larger bank subject to much heavier U.S. influ-ence on lending. Mr. Baker spoke at the opening

session of the annual meeting of the IADB, a 44-nation lending agency. His offer to the bank of \$9 billion toward its seventh four-year capital replenishment would represent a 75 percent increase in the

U.S. contribution. It would vastly increase the lending power of the bank, which has committed about \$35 billion in loans to Latin America and the Caribbean since 1959.

But Mr. Baker made it clear that "as part of this proposal, we are seeking a greater say in 1DB decisions for the nonborrowing member countries," as well as certain reforms in bank practices and the hiring of better-trained personnel.

He said that the United States was "not making this request for the sake of change, nor out of a desire to assert American prerogatives." but because the Reagan administration believed that "more discretion and policy influence should lie with the parties which contribute the lion's share of resources.

He noted that Western nations that provide 95 percent of the bank's financial resources represent 46 percent of the voting shares. If the bank's governors refuse to cooperate, Mr. Baker said, "the

bank could not expect to lend more over the next four years than it has lent over the previous four years," or about \$3 billion annually. The Latin-Caribbean bloc of na-

tions holds 53 percent of the voting The United States holds 34.5 percent of the voting shares and

all loans would require at least a 65 percent vote from the IADB board to win passage.

But bank leaders, meeting during the weekend, could not reach agreement on that proposal and postponed it until a June meeting in Washington.

Latin American nations and member countries outside the Western Hemisphere had proposed in turn that a 60 percent vote be required for passage, thus requiring the United States to find at least two allies among the executive di-

rectors to block any bank action.

Most Latin leaders have vehemently opposed any loss of control over the IADB, because they consider the agency as the one international lender that shares their view-

In his speech, Mr. Baker did not specifically stick with his demand for a 65 percent majority. It was not clear whether that meant the United States was willing to accept

the 60 percent proposal.

The \$3.03 billion in commitments that the bank made last year is the lowest amount the agency has

lent in four years. The bank said that it would have given more, but that some countries could not come up with the

necessary supplementary funds. The development bank said its efforts had been slowed by the drop in petroleum prices last year and the steady fall in prices for the primary materials that many Latin

and Caribbean nations produce. "Government authorities are becoming increasingly convinced that only a global economic recovery will overcome the imbalances in international trade and finance," the bank president, Antonio Ortiz

Mena, said in his opening remarks. The IADB, like the World Bank, pools funds from contributing nations worldwide and lends the money to needy countries. The IADB makes loans exclusively to countries in Latin America and the wanted to change the rules so that Caribbean.

Progress Seen

In Negotiations

On Manila's Debt

Agence France-Presse

Solomon said, adding that British Prime Minister Margaret Thatcher is very concerned with the question of whether the Japanese telecom-

SAO PAULO - Brazilian business leaders, at a meeting with President José Samey, have called for the government to return to the International Monetary Fund inurging that they open Japan's tele-stead of persevering with its pre-

Participants in the meeting said Sunday that the major themes were the debt crisis and the need to

The Brazilian government's re-fusal to let the IMF play a role in its economy has complicated attempts to reschedule its \$109 billion international debt. An about-face on the IMF issue would be politically difficult for the

Mr. Sarney galvanized attention on Brazil's debt crisis last month when he suspended interest payments on the country's \$68 billion telecommunications venture

country's business community. At a barbecue on a farm north of Mr. Funaro resign.

discuss Brazil's economic crisis.

would give Brazil access to new funds and would allow the economy to grow. Mario Amato, president of the

São Paulo State Industries' Federation, was quoted as saying: "We have to discuss the foreign debt like Mexico does, if necessary going to Another São Paulo businessman,

Romeu Chap Chap, told reporters: "After all, the fund isn't a mon-Sarney government and there are no firm indications that such a po-

The figure most closely associated with the anti-IMF stance is Finance Minister Dilson Funaro, who was not present Saturday. Brazilian newspapers reported

that has found little favor in the seized the opportunity to tell Mr. debt "as soon as possible," ideally country's business community.

Sarney that they would like to see before U.S. banks have to subtract

line, an entrepreneur, Mr. Sarney cians in the governing Brazilian met 24 businessmen Saturday to Democratic Movement Party say that adoption of policies recom-Several businessmen called for a mended by the IMF would stifle

> Businessmen said that in their talks with Mr. Samey they also stressed their wish for a free-market economy. The government's attempt to

control prices under its Cruzado Plan introduced in February 1986 strained its relations with business and did not achieve its goal. Just before meeting the business-

men, Mr. Sarney gave a speech in São Paulo and pledged that the Crizado Plan will rise again, stronger and more energetic.

■ Brazil Aide Meets Bankers Anne Swardson of the Washington Post reported from Miami: Brazil hopes to resume payments that several businessmen had on the \$68 billion in commercial

before U.S. banks have to subtract the unpaid interest from their prof-São Panio owned by Matias Mach- Mr. Funaro and many politi- its, Francisco Gros, head of Brazil's central bank, said Sunday.

> table for resumption of interest payments, which Brazil suspended Feb. 20. If interest payments on the long-term debt do not resume 90 days after they come due, the banks would have to change their accounting systems to stop counting

> > the money as income. Mr. Gros met with officials of Brazil's main lender banks, in Miami for the meeting of the Inter-

American Development Bank. He said later that Brazil had requested a three-month extension on \$9.5 billion in 1986 loans that

are due April 16. In the meeting, Mr. Gros also sought to forestall a credit crisis that could occur on March 31, when about \$15.5 billion in short-

term credit for trade comes due.

But Mr. Gros did not give a time-NEW YORK - Negotiations between the Philippines and its U.S. creditor banks on rescheduling more than \$9 billion of debt are making good

progress, sources said Monday. The talks resume Tuesday in New York. The sources said they believed an agreement could be reached this week. According to sources close to

the Philippine negotiators, Finance Minister Jaime Ongpin has persuaded major creditor banks to agree in principle to switch current debts to Philippine Investment Notes. These notes, denominated in

dollars, would not pay interest.

but could be exchanged for lo-

cal currency in a debt-for-

equity swap program.

U.S. Accounting Practices Criticized

debt to commercial banks, a move

who say existing corporate finan-cial controls inhibit the moderniza-

Allen-Bradley Co. in Milwaukee.

way," he said. Of the several hun-

you are going to buy one or two machines," Mr. O'Rourke said. "But

if you are going to reposition the company with a new philosophy to

productivity, traditional models

don't give you any answers."

"We have been trapped in a sys-

licy reversal is in the offing.

By John Holusha

New York Times Service DETROIT - Outmoded accounting systems may be responsible for the failure of many American manufacturing companies to update their factories to equal those of the Japanese and other international competitors, according to a study commissioned by an accountants' group and an organization of people involved in highechnology manufacturing.

Management accountants, the study said, "are relying on old tools to deal with changing, new and very different manufacturing environments." Among the problems it cited were the insistence of many companies on short payback periods for investments in technology, an overemphasis on labor costs, get quantum jumps in quality and which are shrinking as a percentage of total cost, and an inability to neasure the benefits of improve product quality and service.

The report was commissioned by the National Association of Accountants and Computer-Aided Manufacturing-International.

invested in modern production technology — often ignoring their own payback standards to do so many of those that have not are being held hostage by the inadequacies and inappropriateness of old management accounting practices," the study said.

The purpose of the study was "to establish a baseline of current practices" and to determine the shortcomings in existing systems, according to Patrick L. Romano, the director of research for the accountants' group. Other reports will suggest ways to modify accounting standards for factories that are highly automated or where low inventory, just-in-time manufactur-

ing is under way, he said. Many of the study's conclusion appear to back proponents of computer-integrated manufacturing.

Another deficiency in current accounting systems, according to the tion of U.S. manufacturers. One of the most vocal spokesman for that point of view has been J. Tracy as the critical variable in measuring costs. In the companies surveyed O'Rourke, chief executive of the direct labor averaged only 15 percompared with 53 percent for ma-

tem of evaluating our financial investments in a short-term, tactical terials and 32 percent for overhead. This emphasis on labor costs and labor productivity has resulted in dred companies and corporate op-erating divisions surveyed for the the problems involved with excess study, 70 percent said they deinventory and has obscured the fact manded that new investments pay that overhead offers twice the opfor themselves within three years.
"Traditional models are good if portunity for cutting costs.

On the positive side, the study found that the overwhelming majority of the executives surveyed said improving product quality was their top priority. This attitude, it noted, "is a dramatic shift from 20 years ago, when cost-competitive-



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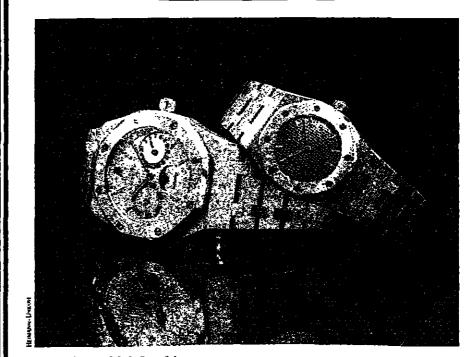
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Swiss Move to Counter Abuses of Bank Secrecy

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ZURICH — Swiss bankers announced Monday a series of measures aimed at preventing abuses of their country's banking secrecy laws.

Controversy over the use of secret Swiss bank accounts has been prompted by allegations that Ferdinand E. Marcos, former president of the Philippines, and U.S. officials linked with the Iran-contra affair had accounts in Switzerland. The Swiss Bankers Association said its members wanted to curb the right of bank clients to hide their identity behind lawyers. The association would also require that banks establish the identity of anyone making a cash transaction at the counter worth more than 100,000 Swiss francs (\$65,600). The current threshold is 500,000 francs.

500,000 francs.
Other anti-abuse provisions of the association's current code, dating from 1977, would be maintained. The revised code, once approved by member banks, will go into force on Oct. 1.

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Crédit Lyonnais Sets Up Joint Venture in Soviet

PARIS — Credit Lyonnais said Monday that it had become France's second government-controlled bank to sign a joint-venture agreement with two Soviet banks to help finance partnerships between Western and Soviet enterprises.

Western and Soviet enterprises.

Credit Lyonnais's venture resembles that of Banque de l'Union Européenne, announced Friday is both cases, the Soviet partners and Gosbank, the state bank, and Vneshtorgbank, the foreign trade bank. The French banks are to help finance ventures under a new law that allows foreigners to hold equity in Soviet companies.

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Exxon Plans to Continue Exploration

NEW YORK - Exxon Corp. plans to continue exploration and development worldwide to maintain its oil reserves, according to Donald McIvor, a director and senior vice president.

Capital expenditures have been cut to \$6.5 billion for 1987 from last year's \$7.2 billion, Mr. McIvor noted, but he said that the company was ready to increase its spending if prices warranted.

sider acquiring reserves if they were of sufficiently high quality.

cent analysis of Exxon that its worldwide production is close to

level of \$6.9 billion.

Analysts said that reduced opment, and the maturing of fields where Exxon has a stake in production, could reduce their replacement levels.

He also said Exton would con- with Goldman Sachs, said in a re-

Small Danish Bank Closed After Bond Portfolio Losses

By Juris Kaza Special to the Herald Tribune STOCKHOLM — The small, privately owned 6. Juli Bank was temporarily closed Monday by the Danish Banking Supervision because of irregularities found in 1986 accounts that appeared to have been used to cover heavy

losses on the bank's bond portfolio.

Those losses reduced the bank's debt to equity ratio to less than 8 percent, the legal limit in Denmark. The 1986 earnings of most Danish banks were hard hit by an unexpected rise in interest rates. But, cases, and the other banks usually analysts said, the new 6. Juli Bank act." apparently was more exposed in high-risk papers than other market participants

the banking anthority said that 6. son, Den Danske Bank A/S, one of Juli Bank was ordered closed be-the top three commercial banks, cause it claimed extraordinary took 1986 securities portfolio losses earnings from the sale of its head- of 1.3 billion kroner. That cut pre-

By James Sterngold

New York Times Service

NEW YORK - A Wall Street practice that

some securities industry executives say is com-

mon may be coming under scrutiny by federal

regulators as being illegal, fueling concerns that

priced when offered to the public, and how

underwriters may try to influence the market

Concerns about this possible direction in the

investigation were raised last week when Boyd

L. Jefferies, the former chairman of Jefferies &

Co. of Los Angeles, settled civil charges that he

had agreed to manipulate illegally the price of a

stock just before a public offering of new

shares. He has agreed to plead guilty to criminal

The Securities and Exchange Commission

would not identify the company involved, but

Wall Street officials said it was Fireman's

ing in takeover simutions.

The underwriting business, through which

corporations raise capital by selling stocks and bonds to investors, is surrounded by a range of

practices that are traditionally accepted but

A wholesale investigation of this realm, the

executives said, could uncover a range of activi-

ties that would breach the securities laws.

tors, senior Wall Street executives said.

et might not withstand the scrutiny of regula-

"This part of the business has generally

worked well, so it has not been looked at that

closely," said one executive, who requested an-

onymity. "But if you were to scrutinize every

price at this time, or something like that, that

7 Bank Officials

In Italy Held in

Embezzlement

COSENZA, Italy - The

of Italy of a temporary panel to

e Luciana, or Carical

bank managers.

DUTCH:

Previous charges had focused on insider trad-

That practice relates to how securities are

the current trading scandal may broaden.

price for those securities.

charges related to the scheme.

too high a price," the official said, adding that it was assumed that 6. Juli Bank would remain closed until other Danish banks formed a consortium to rescue it.

"The rumor is that some medium-sized banks will go in and buy. them out," said a securities analyst at one of Denmark's largest commercial banks. Recalling Kronebanken A/S, a medium-sized bank that ran into difficulties in late 1984 and was rescued by other banks, he said, "The reputation of Danish banking is at stake in such

The 6. Juli Bank, with assets of just more than 1.5 billion kroner (\$217.7 million), is one of Den-An official in Copenhagen for mark's smallest banks. By compariquarters building to a subsidiary.

They sold this building at much from 3.64 billion in 1985.

Exxon's capital expenditures peaking, because production is have dropped sharply since 1985, close to peak levels on the North when they reached \$10.3 billion, Slope, in the North Sea, in the lowand are now set at below the 1979 er 48 states of the United States and in Australia

The second secon

These fields account for nearly spending on exploration and devel- 80 percent of Exxon's worldwide production of 1.7 million barrels per day, Mr. Bergman said. Mr. McIvor agreed that many

fields were nearing their peaks but Todd Bergman, an oil analyst said that much could be done to maintain high production levels.

He said that Exxon's lower capital expenditures resulted from lower price expectations for crude oil and tighter cash flow.

Last year, 52 percent of Exxon's \$7.2 billion in capital expenditures came outside the United States. Mr. McIvor, although declining to give figures for 1987, said that exploration and production expenditures would grow more outside the United States in the future. He said that projects were

classed into two groups: those that can survive protracted low prices and those that are highly pricedependent. "We're doing those in the first group as fast as we can," he said. "while continuing to assess the others and waiting for prices to

Analysts have said that Exxon is looking at medium-scale projects that include the development of the Alif field in North Yemen, and Mr. McIvor did not deny this. The analysts estimate the field can produce 400,000 barrels per day.

Mr. Bereman of Goldman Sach said other medium-term projects would include the North Sea's Tern and Eider fields, the Endicott field and Lisburne Reservoir in Alaska and Cold Lake in Canada.

Cityquest Offers £120 Million For Wickes PLC

LONDON - Cityquest PLC, a newly formed company, is making a recommended £120 million (\$192 million) offer for Wickes PLC, the building-supply retailers, Wickes said.

Acceptances of the offer, which is effectively a management buyout, have come from holders of 88.9 percent of the

The offer followed a decision by Wickes International Corp., member of the U.S. Wicke Cos. group, which holds an 80.5 percent stake, to realize much of its investment. The bid, if successful, would make Wickes fully independent, and all Wickes directors would join the Cityquest board.

The offer will be 345 pence cash for every Wickes share. Wickes was last quoted at 345 pence, compared with 275 pence at Friday's close.

VW Sees Gains in Domestic Market

But Hahn Is Cautious on U.S. Sales, Silent About Fraud

WOLFSBURG, West Germany - Volkswagen AG expects to increase its market share in West Germany this year after registering gains in January and February, Carl H. Hahn, the managing board

chairman, said Monday. He said that orders in West Germany, Volkswagen's largest single market, had been very good this year. VW's share of the domestic car market rose to 29 percent in January and February from 26 per-

cent in the year-ago period. Mr. Hahn declined to forecast results for the 1987 first quarter. He also refused to answer questions about the alleged currency fraud revealed earlier this month, noting that the case was in the hands of state prosecutors. Volkswagen, like other car man-

ufacturers, encountered difficult market conditions in the United States early this year, Mr. Hahn said, without elaborating.
He said it would be difficult this

market after Western Europe.

Mr. Hahn had no direct com-VW's Spanish subsidiary, SEAT year, he added. SA, totaled up to 27 billion pesetas

(\$210.7 million). But he said SEAT was developing as planned and added that the introduction of international accounting standards, as well as changes to VW's own accounting methods, had led to corrections in SEAT's figures.

VW had hoped SEAT would break even sometime this year. Its sales volume last year was better than expected, Mr. Hahn said. In January and February of this year, SEAT's turnover in Europe rose 40 percent compared with the 1986 period. Mr. Hahn said. Its European market share rose to 1.9 percent in both months from 1.6 percent a year earlier.

Mr. Hahn said that VW hoped to sign a contract with Ford Motor Co. this summer on a planned joint venture between the two compa-

America, VW's largest regional nies' operations in Argentina and Brazil, both of which have been losing money. VW's operations in ment on reports that 1986 losses at Mexico were again profitable last

> Mr. Hahn, speaking in an interview to mark production of Volkswagen's 50 millionth car, said that VW had no plans for acquisitions outside the automotive sector. He also said that the automaker

did not expect to raise capital again in the forescenble future. Last year, VW increased capital by 25 percent in the biggest rights issue in West German history.

In a separate interview, Karl-

Heinz Briam, the management board member responsible for labor relations, said that VW had no plans to increase its work force this

development, said the increasing All of VW's domestic plants and environmental awareness of West most of its foreign production facilities are operating at full capacity, he said. The exceptions are the Ni-Volkswagen to sell more higherprice cars containing equipment gerian operations and the Westmoreland plant in Pennsylvania.

remove pollutants from exhaust. Mr. Hahn said that VW recently VW, which traditionally releases its annual results in April or May. said last week that 1986 profit and dividend would be unchanged, despite the need to cover the possible loss of 480 million Deutsche marks

> fraudulent hedging operations. VW also said the currency scandal would not affect the company's

Carl H. Hahn

moved to increase the flexibility of

the Westmoreland plant, but that

there were no plans at the moment

He said there was room for

growth in West Germany, and he

predicted a good year for the do-

mestic industry.
Wolfgang Lincke, head of car

German consumers would allow

such as catalytic converters, which

to increase production there.

NEW YORK - Shearson Lehman Brothers Inc. and Nippon Life Insurance Co. plan to set up a joint venture in London if their arrangement to sell 13 percent of Shearson

Shearson, Nippon Life Plan London Venture

cials at the companies have said.

The plan for the new company is

By James Sterngold New York Times Service

to Nippon Life is approved, offi-

Jefferies Case Raises Fears of a Broader Inquiry

if the practices were nowhere near as bad as

what Jefferies was charged with."

The SEC and the Justice Department have said that their investigation is continuing. "What you saw last week was unlike the charges we had made in other recent cases; it was classic market manipulation," said Gary

This part of the business has generally worked well,' said one executive. 'But if you-were to scrutinize' it, the investigation 'could go on for a long time.'

Lynch, head of the SEC's enforcement division. But I cannot comment on whether this will lead us further in this area."

In the Wall Street inquiry, each of the important figures charged with illegal acts has gone on to implicate others. The SEC charged Mr. Jefferies with under-

a Wall Street figure whom the SEC would not identify. But sources said it was Salim B. Lewis. a prominent investor and trader. Mr. Lewis has worked closely with James D. Robinson 3d, chairman of the American Express Co., a major investor in Fireman's Fund.

The fact that Mr. Lewis had a possible role in the matter shocked many in the securities busitime you get a specialist to get a stock at this ness. He is known on Wall Street as an intense, savvy investor who has made millions betting profits.

investigation could go on for a long time, even on takeover stocks. He is also a gadfly who has not shied away from taking outspoken stands. Mr. Lewis nonetheless has been close to the Wall Street establishment. His father, Salim

Lewis, was for years the powerful head of the securities firm of Bear, Stearns & Co. In the late 1970s, the younger Lewis formed his own firm, S.B. Lewis & Co., partly with the help of American Express. While seeking investors for the firm, he contacted Mr. Robinson,

with whom he had worked at White Weld. Mr. Robinson later moved on to American Express, but continued to work with Mr. Lewis. For instance, Mr. Lewis was instrumental in American Express's acquisition of Shearson in 1981, for which he was paid a \$3.5 million fee, and in American Express's 1983 purchase of IDS Financial Services.

■ Jefferies, SEC Resolve Dispute

Jefferies Group Inc. said Monday that it had resolved a dispute with the SEC over a transaction handled by Mr. Jefferies, United Press International reported from Los Angeles.

The dispute centered on the way the securities firm accounted for a \$5 million charge last year that was partly paid by Mr. Jefferies. The charge came after a securities trade apparently fell apart. Jefferies & Co. had acted as agent for the buyer and seller, neither of whom it would

The parties threatened a lawsuit, which was averted by a \$5 million settlement. Jefferies & Co. paid \$1.2 million and Mr. Jefferies paid the balance. The firm booked \$1.2 million as a loss. The SEC, however, said the loss should have been shown at the full \$5 million.

But after a review, the SEC staff decided to drop its objection, meaning that the firm will not have to deduct \$3.8 million from its 1986

cooperation the two firms expect to build. The new unit would help tiations referred to internally as facilitate the introduction to the international capital markets of the Express Co. was expected to offimany important Japanese compa-cially introduce Monday a plan to nies in which Nippon Life has a sell a Shearson stake to Nippon, substantial investment, wooing Japan's biggest insurance compathem from their dependence on the Japanese market, the officials said over the weekend.

If these companies decide to raise capital in the Euromarkets to bolster their capital and estabthrough the introductions, the companies hope that it will be through Shearson Lehman Brothers, the officials said.

Many senior officials at Shearson and its parent, American Express Co., say the Nippon Life transaction could usher in a new era of international expansion for Shearson and American Express.

American Express officials said the companies would explore having Nippon Life help American Ex-press distribute its credit cards in Japan. In addition, American Express will consider selling Nippon Life Insurance policies in several foreign markets.

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After five months of secret nego-"the French Project," American ny, and to the public as well.

The transaction is likely to heat up the battle among large Wall Street securities firms as they seek lish stronger international links. The transaction could increase Shearson's share of the Euromar-

ket, where it has not been as powerful a competitor as some other big American securities firms. It would Japanese companies that American securities firms have yet to develop. The transaction must be ap-

the subpoenas that American Ex- ties firm.

Kingdom of Sweden US\$500,000,000 Floating Rate Notes due 2005 For the six month period 20th October, 1986 to 21st April, 1987, the amount payable per US\$10,000 Note will be US\$308.85 payable on 21st April, 1987.

Bankers Trust Company, London Agent I

(\$259 million) from allegedly week as part of a U.S. investigation into the activities of Boyd L. Jefferies, chairman of Jefferies & Co., the Los Angeles-based securities firm. American Express, Shearson and

Salomon Brothers Inc. said Friday that the subpoenas asked about their involvement in an underwriting last year of shares in Fireman's Fund, an insurance company in which American Express has a large investment. Shearson was involved in the underwriting.

The Shearson transaction would involve the sale of 13 percent of Shearson to Nippon Life for \$530 give Shearson the kind of access to million, in the form of convertible preferred stock, American Express has said. Officials at the companies have said American Express will proved by American Express's also sell some of its shares in Shearboard, which was meeting Mon-day. One possible hitch could be more than 50 percent of the securi-

investment spending.

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Texaco Alleges Bias by Judge in Pennzoil Case court upheld the jury's verdict but in the midst of his re-election cam-HOUSTON — Texaco Inc. filed reduced the amount of punitive paign," Texaco said.

new evidence Monday in its legal battle with Pennzoil Co., asserting that the judge who heard the initial court case over Getty Oil Co. "carried a personal grudge" against Texaco and its lead attorney.

president and five senior managers of a publicly owned sav-Texaco asserted that a series of ings bank and the vice president letters and affidavits filed with the of another major bank have been arrested on embezzlement peals showed that District Judge charges, police said Monday. Anthony J.P. Farris should have The arrests follow the weekcomplied with a Texaco request to end appointment by the Bank step down from the case.

Judge Farris presided over the oversee the savings bank, the Cassa di Risparmio di Calabria major portion of a trial between Pennzoil and Texaco involving Texaco's acquisition of Getty. Ju-Pennzoil and Texaco involving
Texaco's acquisition of Getty. Jurors eventually found Texaco illegally interfered with Pennzoil's

Judge Farris refused to step
down, and his position was upheld
in an October 1984 hearing presided over by District Judge E. E. Jor-Police said that the bank president, Francesco Sapio. who resigned Thursday, was ar-rested Sunday along with five planned purchase of Getty, and or-dered Texaco to pay \$10.53 billion "Texaco's pane Three other persons believed to have been involved in an embezzlement conspiracy at the bank were also arrested, the pothe total to \$11.1 billion, the largest

such award in U.S. history. In February, the state appeals the earlier disqualification motion unfair to Texaco.

damages. The award, including pre- and postjudgment interest, now stands at \$10.2 billion.

Judge Farris, who left the bench before the conclusion of the trial because of illness, died last September of cancer.

Texaco's filings included a letter state First District Court of Ap-peals showed that District Judge containing what it termed "an ex-plicit admission" by Judge Farris that he should have stepped down from the case because he received a \$10,000 campaign contribution from the lead Pennzoil attorney. Joe Jamail.

in damages. Interest accrued before this letter shows that Judge Farris I would have recused myself." the judgment was added to bring refused to step down because he

Richard Miller was the lead Tex-

aco attorney in the original case. Mr. Jamail said Monday the new filings were a "desperate" attempt by Texaco to raise a federal question for future appeals beyond Texas state courts.

A Texaco attorney, Jim Sales, said Texaco did not raise the issue before because it did not want to incur additional anger from Judge Farris by pushing for his removal from the case. But the oil giant filed the evidence after the appeals court opened the door for its use, he said.

Judge Farris's letter to an attorney, J. Donald Bowen, said, ".. if Mr. Miller had come to me and told me how concerned he was about the Jamail contribution and the fact that I was presiding over the "Texaco's papers contend that pretrial matters in the subject case,

The letter also noted however carried a personal grudge against that Mr. Miller never objected to Miller and Texaco for having made any of Judge Farris's rulings as

COMPANY NOTES

Lackluster Market (Continued from first finance page)

had unexpectedly positive results. Bank Nederland, Amsterdam-Rot-Middenstandsbank, had poor results, achieving higher profits partly by reducing their risk provisions. Analysts still have doubts about the insurance sector, and many companies stressed the negative impact of lower currencies on their guilder earnings in 1986.

Food and publishing are seen as major growth areas, despite the fact that many of these companies have significant activities in Britain and the United States.

Ahold NV, a food chain, reported an 8.1 percent increase in net billion shares. scofit for 1986 but said it did not expect profit to grow in 1987 because of the uncertainty of the dol-

Sales declined by 5.7 percent to 11.4 billion guilders. About 1.5 biltion guilders of this decline was due to the lower dollar.

Alitalia SpA reported that provisional net profit in 1986 rose to 55 billion lire (342.3 million at current rates) from 48 billion in 1985, a 14.6 percent increase. The Italian national airline said it carried 7 percent nore passengers on domestic routes, but 11.5 percent the quarterly cash dividend on presplit shares to 4 fewer on flights from North America. It said the cents from 3 cents. terdam Bank and Nederlandsche decline was due to a fall in the numbers of American tourists visiting Europe caused by fears of terrorism.

Bayerische Vereinsbank AG said that group bank net profit rose to 275.52 million Deutsche marks (\$150.7 million) in 1986 from 222.73 million DM a year earlier, an increase of 23.7 percent. It said parent bank net profit rose 16.1 percent to 187.63 million DM from 161.58 million. The parent's partial operating profit, which excludes earnings from trading on its own account, edged up 2 percent to 671 million DM.

Bell Resources Ltd. said it had executed an underwriting agreement with Equitionry Tasman Ltd. to acquire 57.6 million ordinary shares in Broken Hill Ply. for 540 million Australian dollars (\$370.4 mil-

Booker PLC said pretax profit for 1986 rose to 554.6 million (\$87.6 million), a 17.4 percent increase

million shares of its outstanding common stock.

Sentos Ltd., an oil producer, said it would bid 4,00 Australian dollars (\$2.74) a share for the 96.03 percent it does not already hold in TMOC Resources Ltd., a

share tender offer for shares of Piedmont Aviation Inc. to reduce the maximum number it will accept to 9,309,394. Previously it had sought all shares. On Friday, the Department of Transportation approved USAir's acquisition of 51 percent of Piedmont. If USAir were to acquire more than 51 percent in the tender, it would be required to sell the excess within Pty. 10r 340 miniou research of BHP's 1.2 one week. USAir said receipt of the 9,309,394 shares from). Bell said it now held 29.93 percent of BHP's 1.2 outstanding and 50.1 percent on a fully diluted basis.

Woolworths Ltd. of Australia said net profit fell to 454.6 million (567.6 million in 1985. Profit from the United from £46.5 million in 1985. Profit from the United 9.27 million Australian dollars (\$6.36 million) in the States accounted for 39 percent of the total. The states accounted for 39 percent of the total. The states accounted for 39 percent of the total of the states accounted for 39 percent of the total of the states accounted for 39 percent of the total of the states accounted for 39 percent of the total of the states accounted for 39 percent of the total of the states accounted for 39 percent of the total of the states accounted for 39 percent of the total of the states accounted for 39 percent of the total of the states accounted for 39 percent of the total of the states accounted for 39 percent of the total of the states accounted for 39 percent of the total of the states accounted for 39 percent of the total of the states accounted for 39 percent of the total of the states accounted for 39 percent of the total of the states accounted for 39 percent of the states accounted for 39 percent of the total of the states accounted for 39 percent of the states accounted for 39 States accounted for 37 percent of the world of the state excellent profit grown while maintain profit grown \$5.4 million.

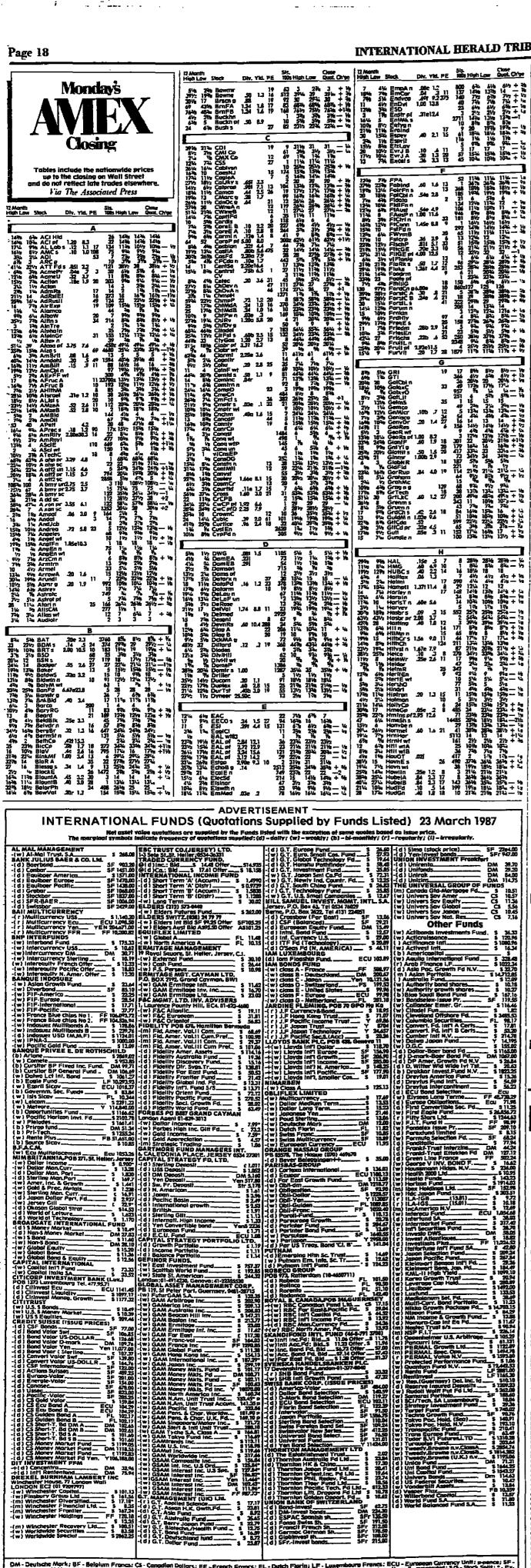
rose to \$6.5 million from \$5.4 million.

ICN Pharmaceuticals of Costa Mesa, California, markets produced very disappointing results.

said its board had approved the purchase of up to 3

Jamesway Corp. of Secaucus, New Jersey, said its board had declared a 2-for-1 stock split and increased

diversified oil and gas company. Santos said the bid valued TMOC at 248.5 million dollars. USAir Group Inc. said it had amended its \$69 per



DM - Deutsche Mark; BF - Belgium Francs; Cs - Canadian Dallars; FF - Franch Francs; FL - Dutch Florin; LF - Luxembourg Francs; ECU - European Currency Unit; p-pence; SF-Swiss Francs; Y-Yen; As Australian Dallars; a - esked; + - Otter Prices; b - bid change; N.A. - Not Available; N.C. - Not Communicated; o - New; 8 - suspended; S/S - Stock Spitt; * - Ex-Dividend; ** - Ex-Ris; *** - - Otter Price Incl. 2% prelim, charge; Be sure that your fund is lis; -- In this space daily. Telex Matthew GREENE at 613595F for further information.

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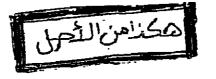
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Dollar Falls to a Low Against Yen

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NEW YORK — The dollar fell postwar low against the year on nerpossess over the status of Japaness accords with the United States over semiconductors and airport constituction.

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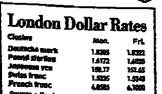
The U.S. currency dropped to riose at 150.025 yen, irom 151.375 yen at the close Friday. Its previous post-World War II low was 150.45 in Tokyo on Jan. 19.

"The market is trying to test the hev. 150 yen mark to see if the Bank of Japan intervenes to support it," said Daniel Holland, vice president at Discount Corp. of New York. "If they don't, the dollar should go to the 145-148 yen range." The dollar also fell in New York

Larinst the Deutsche mark, to 1.8173 DM from 1.8280 Friday; against the Swiss franc, to 1.5205 francs from 1.5305, and against the French franc, to 6.0525 francs from

The British pound continued its rise, closing Monday at \$1.6185 after \$1.6045 on Friday.

Dealers said that in dollar-yen trading, there also was nervousness over warnings by the U.S. trade



representative, Clayton K. Yentter, that the United States was prepared to retaliate against unfair trade practices by Japan.

The issues are whether Japan had reneged on an agreement made last year over semiconductors, indications by the Japanese govern-ment that it did not want U.S. supercomputers sold to public organizations in Japan and the freezing out of U.S. companies from bidding on the huge Osaka airport construction project, Mr.

He was speaking at a meeting of the General Agreement on Tariffs and Trade in New Zealand.

Mr. Holland said the dollar was also weakened all around by Treasury Secretary James A. Baker 3d's comments that the lower dollar had

helped the trade imbalance and that "we are getting into appropriate ranges" for the currency. This was interpreted to mean that the dollar was not yet low enough.

In European trading, persistent worries about central bank intervention kept the dollar's decline moderate, dealers said.

The dollar closed in London at 1.8205 DM, down from Friday's close of 1.8322 DM, and at 150.17 ven, down from 151.65 on Friday. The U.S. currency also fell against the Swiss franc, to close at 1.5235 francs after Friday's 1.5343, and against the French franc, to 6.0585 francs from 6.1000.

The pound firmed amid forecasts that its recent rally has further to go and it closed at \$1.6172, up from Friday's \$1.6020. Dealers said the main spur be-

hind the pound's strength was high British interest rates. In earlier European trading, the dollar was fixed in Frankfurt at 1.8205 DM, down from Friday's 1.8305 DM, and in Paris at 6.0635

French francs, down from 6.0965. In Zurich, the dollar closed at 1.5245 Swiss francs, down from 1.5347 on Friday. (UPI, Reuters)

the currency. about a situation where the United

He said the problem must be addressed "on the exchange rate side, but it cannot be solved on the exchange rate side alone. It's far more and the solution of it requires a

ing San Mignel's Hong Kong subsidiary take out a loan against its sary for other countries to adjust assets. After a \$25 million down their currences upward, as well as payment was made, the government stepped in to sequester the removing their barriers to U.S. imshares and block the transaction.

German Bond Yields May Fall Now, Rise Later, Experts Say FRANKFURT - West German bond yields could decline over the next few months if recent

efforts to stabilize exchange rates extend to keeping down European interest rates, banking economists said Monday. But in the longer term, domestic yields could

rise under agreements to stimulate West Germany's economy, they said in interviews. Last month's Paris accord among six leading industrial nations has so far successfully stabilized currencies with the threat of central bank

intervention, economists said. Economists speculated that the Group of Seven countries might try to bolster the pact by uncoupling U.S. and German interest rates further when they meet for the interim commit tee of the International Monetary Fund in April. The Group of Seven is the six that met in Paris — United States, Japan, West Germany.

France, Britain and Canada - plus Italy. The recent round of monetary accommoda tion by the Bundesbank and the Bank of Japan and the firming of the federal funds rate are significant. They mark an uncoupling of move-

ments in U.S. and foreign interest rates, Salo-

mon Bros Inc. said in a recent study. The study said narrowing of international interest rate spreads was a major factor in the dollar's fall. These spreads will have to be

widened if the dollar is to be stabilized. The president of the Bundesbank, Karl Otto Pohl, encouraged the United States not to cut interest rates in January when the Bundesbank cut its own rates by half a percentage point, to

avoid weakening the dollar. West German economists see room for further cuts in leading German rates if the dollar

resumes its decline. The Bundesbank's average yield of public paper is already nearing last year's low. Last week, yields fell to around 5.50 percent, not far from the 1986 low of 5.35 percent. Economists said the trend may cause domes-

tic investors to shift some funds from short to onger-term paper. Such a move would tend to flatten the yield curve between short- and longterm rates.

It might also facilitate a further cut in leading rates, as the shift out of savings accounts into

to Mr. Cojuangeo, and that he used the government directors.

securities would slow growth of the Bundesbank's central bank money stock aggregate.

But conflicting with this trend are plans to augment West German tax reductions, part of the Paris currency pact that is designed to meet U.S. demands for faster growth in West Germany. This move may force interest rates up by essitating higher government borrowing.

Josef Korner, chief economist of the Wesi German economic forecasting institute IFO, said in a newspaper interview that he expected 1987 tax revenue to be 11 billion Deutsche marks (\$6.02 billion) below estimates by the West German government in November.

Any tax shortfall in itself is unlikely to push yields up. But coupled with other factors such as waning foreign speculative buying of mark bonds on the dollar's decline, long-term yields may to have to rise, economists said.

Public borrowing in 1988 may also rise because of increases in the second phase of Bonn's tax package. The government is increasing tax cuts in 1988 by 5.2 billion DM to 14.4 billion.

Seoul Reports

Growth of 12% United Press Intern SEOUL - The South Korean economy grew by an adjusted 12.5 percent last year, its

highest growth rate in a decade. the Bank of Korea said in a provisional estimate Monday. The gross national product reached \$95.1 billion for the year, the bank said. It attributed the 1986 performance largely to growth in the manufacturing sector and brisk exports. The economy grew 13.4 percent in

Manufacturing expanded by 17.4 percent and exports rose 26.3 percent last year, the bank said. Heavy industry grew 23.5 percent, led by products including videotape recorders, ovens and automobiles, while light industry, including textile and rubber products, expanded by

CHIPS: Japan Acts to Placate U.S.

of Commerce Malcolm Baldrige, Secretary of the Treasury James A. Baker 3d and Trade Representative

Clayton K. Yeutter. These moves came as frictions over semiconductor trade worsened on both sides of the Pacific. Last Thursday night, the U.S. Senate unanimously passed a resolution calling for retaliation against Japanese chip makers. President Ronald Resgan's Economic Policy

Council is to meet Wednesday to

decide what sanctions, if any,

should be imposed on Japane emiconductor companies. Mr. Yamamoto of the trade ministry's information industries bureau said that if sanctions were imposed regardless of Japan's efforts to uphold the semiconductor agree-

ment, Japan would act. "Of course, if certain actions are taken in the United States, we must react," he said. "But we are doing our utmost so that we don't bring

States acts and Japan reacts." Mr. Yamamoto would not speciwhat action Japan might take. Monday was the second time that the trade ministry had asked chip makers to trim production since mid-February, when the ministry suggested that chip produc-

tion be cut 10 percent. This time, the ministry has asked manufacturers to cut production of 256K D-RAM memory chips by 32 percent, with an overall decline in RAM stands for dynamic random late 1930s." access memory, 256K means a memory capacity of 256,000 bytes,

Mr. Yamamoto said that although the ministry had issued requests, not orders, most Japanese chip makers had complied. He singled out Texas Instruments Inc.'s subsidiary in Japan as a "foreign capital-related" company that had



LONDON - James A. Baker SAN MIGUEL: Battle for Giant Is a Case Study in Post-Marcos Changes 3d, the U.S. Treasury secretary, has (Continued from first finance page) reiterated that a exchange rate gool for the dollar was not set last ernment, the body that sequestered San Miguel shares linked to Mr. month at the meeting of the six major industrial nations in Paris. Cojuaneco. Mr. Soriano, 35. who earned a

Mr. Baker, in a television intermaster's degree in business adminview Monday, said that "we don't istration at the Wharton School of have a target for the dollar" and declined to name a desired level for the University of Pennsylvania, declined to be interviewed. But Mr. del Rosario denied that Mr. Soriano had done anything wrong.

But, he said, U.S. protectionist sentiment was becoming "extreme-ly strong" and "extremely disturbng" in response to widening trade deficits and import barriers imposed by other countries.

"As I've said before, we sort of see ourselves as engaged here in a real struggle to preserve the world's free trading system, because if the largest market in the world," the United States, "goes protectionist we run the risk of moving down the chip production by II percent. D- same path that the world did in the

> comprehensive and broad than that, arrange the purchase of the stake comprehensive approach. Mr. Baker said it would be neces-

stock purchase by him and others. San Miguel says that Mr. Soriano tried to resolve decisively the confusion about The government has sequestered ownership of the company. His critics, including some government officials, say

shares that he suspected belonged

corporate assets to help to pay for a

several blocks of San Miguel stock, totaling about 51 percent of the shares outstanding, on the ground Mr. Soriano tried to use corporate assets that they were bought with money wrongfully obtained. The govern to seize control of the company for himself. ment-held stock has a current market value of about \$615 million. The largest of the sequestered stock blocks, which now totals 38 million shares, was held by United Kong subsidiary put up the money

because, at that time, it was the Coconut Planters Bank, which Mr. buyer of the shares. It was intended Cojuangco headed. The shares that other investors, including Mr. were held in trust for others, but Soriano, would participate, the government believes Mr. Cojuangeo is the true owner. they would have reimbursed the subsidiary, Mr. del Rosario said. Last April, Mr. Soriano tried to Mr. Diaz said the government erred in not appointing a majority and raised a down payment by havof the board of directors last May, when it appointed individuals to

> Instead, it appointed 7 members of the 15-member board. But Mr. Diaz is not likely to miss

represent the sequestered shares.

Mr. del Rosario said the Hong of the same shares as before. Mr. Soriano has proposed a purchase by a combination of foreign and local investors - including the Soriano family — and the company itself. The shares bought by San Miguel would be resold to employees. In addition, a \$30 million to \$40 million stake may be sold to the

ing, control apparently will pass to

ribdly to arrange another purchase

Philippine social security system. This arrangement, too, has been criticized as a misuse of company cash, intended to strengthen Mr. Soriano's control. Recently, under government pressure, a three-member panel --- one member chosen by

The government accuses Mr. his chance twice. If a majority of San Miguel, one by United Coco-Soriano of at least two kinds of shares is still in government hands nut Planters Bank in conjunction nut Planters Bank in conjunction with the government and one mutually agreeable to both sides was formed to reach a consensus by So San Miguel is moving burmid-April on how to dispose fairly of the stake associated with Mr.

Cojuangeo.

For all the allegations of impropriety, Mr. Soriano appears to be very popular. There's a feeling, rightly or wrongly, that the Sorianos have first claim to the company," said Rolando S. Atienza, president of Anscor Hagedorn Securities. The Soriano name carries a lot of good will and credibil-

For the past year, about half of San Miguel's top management's time has been taken up by disagreements over share ownership, Mr. del Rosario said. And, he said, the uncertainty has curtailed the company's strategic planning.

Gradually, however, the prob-lems are sorting themselves out. and at other companies as well. Sequestered shares are being sold, with the proceeds going into escrow until it can be determined whether they were bought with stolen wealth. New managers and directors are gaining experience in companies that, a year ago, they suddenly found themselves leading.

Monday's Prices MASDAQ prices as of Via The Associated Press

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New York Times, edited by Eugene Maleska.

DENNIS THE MENACE



MY MOM'S TOO BUSY TO TAKE US, SO WE'LL JUST

JUMBLE THAT SCRAMBLED WORD GAME
by Henri Arnold and Bob Lee ACTEX MAFLE **COAMIS** WHAT DO GHOSTS EAT FOR BREAKFAST? WHARRO

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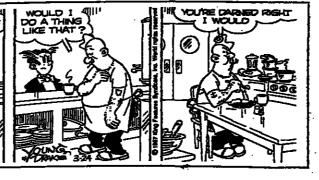
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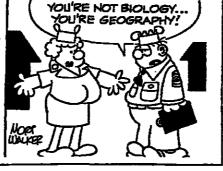
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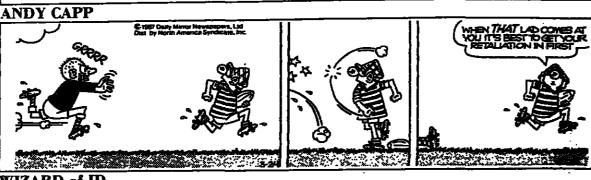


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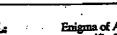
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BOOKS

THE ENIGMA OF ARRIVAL: A Novel

By V.S. Naipaul. 354 pages. \$17.95. Alfred A. Knopf, 301 East 50th Street, New York, N. Y. 10022.

Reviewed by Christopher Lehmann-Haupt

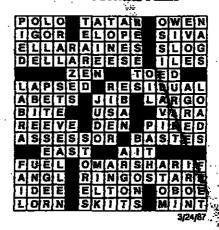
A T the beginning of V.S. Naipaul's haunting A new novel, "The Enigma of Arrival," there is rain and mast. Gradually the narrator's eye begins to make out a country landscape, which he explores in daily walks. It is a landscape with a past: There are turnell, there is a view of Stonehenge, there is an Edwardian manor on which the narrator occupies a cottage. It is a landscape that evokes literature: The narrator thinks of Wordsworth, King Lear, the Knights of the Round Table, Camelot.

As time passes and further details emerge,

we see that profound changes are taking place. People from town are taking over the native cottages. The manor's dairy farm is being mechanized; machines are moving into the garlen. The narrator is part of the flux. As he slowly takes form, we discover that he is someone very like V.S. Naipanl, a native of Trinidad of East Indian background who has come by way of Oxford to the countryside near Salisbury Plain to experience "my second child-hood of seeing and learning, my second life, so

far away from my first." Why does Nament meist on calling "The

Solution to Previous Puzzle



Enigma of Arrival" a novel when its subject isso specifically himself and his development as a writer? Indeed, the book's second section. called "The Journey," takes up his frightening experience of leaving Trinidad as an 18-year-old and finding himself a stranger in a boarding house in London. With disarming selfdeprecation he describes how in his determination to be "literary" and to record every thing except what was happening in front of his nose, he succeeded in missing the great story that he hisself was part of — the postwar migration of largellung colonial subjects to the heart of the declining British Empire.
I suppose one reason Naipaul calls "The

Emigma of Arrival" fiction instead of autobiography is that its characters have probably been distorted from reality, if not wholly invented in some cases. But a more important purpose would be to emphasize the story's heightened effects instead of its more literal truth. In the third and fourth sections of the book, the narrator returns to the rural scene of the

opening and describes in far greater detail his decade-long sojourn in the manor cottage outside Salisbury. But now we know him better, as he knows himself, so our sense of the experience is wholly different. It is precisely like that of an adult revisiting the scene of his childhood, here his "second childhood."

Moreover, the change that the narrator witnesses has a different character in this version. Though this visitor from a remote outpost of the empire insists that he has trained himself-temperamentally to see all change as "flux"— because decay "implied an ideal, a perfection of the past"—there is no resisting the sense of decline in what he witnesses. His landlord's fortune is diminishing. The last of the 16 gardeners who once tended the estate has to be let

go. The greenhouse fills up with weeds.

And the narrator finally has to admit his a distress when on one of his walks he discovers a newly built fence and the sale of land that it implies. "I had lived with the idea of change," he writes, "had seen it as a constant, had seen a world in flux, had seen human life as a series of cycles that sometimes can together. But philosophy failed me now. Land is not land alone, something that simply is itself. Land partakes of what we breathe into it, is touched by our moods and memories. And this end of a cycle, in my life, and in the life of the manor, mixed up with the feeling of age which my illness was forcing on me, caused me guef."

Christopher Lehmann-Haupt is on the staff of The New York Times.

CHESS

By Robert Byrne

Sax. The 35-year-old Hungar- also gained a half-open QN ian grandmaster scored 10-1 to file. capture the first prize of \$5,000 It would have been risky to Australian (about \$3,333).

tournament, the largest and in view of 19 R-R3, RrR; 20 strongest in Australian history, Bar with the threat of 21 Q-K2 were Carlos Garcia-Palentso, an Argentine grandmaster, and Stefan Djuric, a Yngoslav grandmaster. Each scored 9-2 did enjoy a great lead in develin the 259-player Swiss-system

In the last round, Eric Lobron of West Germany could than the West German imaghave overtaken Sax by winning but his frantic efforts to attack

make the queen's wing just as inhospitable to the black king THE Adsteam-Lidums Inas the king's wing already was.

The adsteam of course, Sax's center was a cour

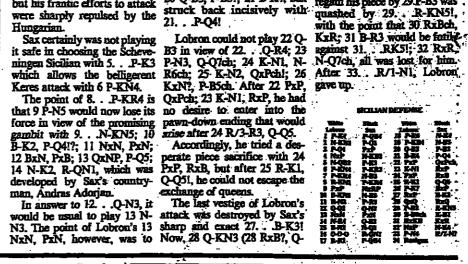
Seize a pawn with 16. P-B3;
Tied for second place n the 17 B-B4, P-K4; 18 B-K3, RxP and 22 Q-R5ch. Lobron's 19 P-KB4? was

simply too ambitious - White opment, but the black position had no weakness and was better poised for counterattack struck back incisively with

odian sods vie AP

Q8mate) would allow 28. RxPch!; 29 K-RI, RxBPch; 30 K-N1, R-N7ch; 31 K-R1, RxBch.

When Lobron's attempt toregain his piece by 29.P-B3 was nuashed by 29. R-KN5!



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Transition-

UNLV, Indiana Rally From Far Back to Make Final Four the Hard Way

Rebels Regain 3-Point Touch To Spark Victory Over Iowa

By Peter Alfano New York Times Service SEATTLE - Losing would have have string long after the college have string long after the college have string long after the college ics have said about his Nevada-Las going to lose the game," he said. Vecas team: that it plays in a weak conference, is undisciplined and

would invariably end its season

newhere short of the magic king-

dom known as the Final Four. That is the way it has been for most of his 14 years at UNLV -Tarkanian building an impressive record but never winning a national championship, and reaching the eiate Athletic Association tournament only in 1977. Even now, as the Rumin' Rebels prepare for their second trip, someone is prob-ably, saying, "Wait until Bobby Knight's team gets finished with them." They will play Indiana Saterday in New Orleans.

UNLY scored its most impressive and dramatic victory of the on in the West Regional final Sere Sunday, capping a furious second-half comeback with an 84-81 victory over lows. The Rebels mailed by 16 points after the first half and by as many as 18 before

they began their rush to victory.
"We weren't getting best, we were getting humiliated," Tarkenian said. "At halftime, we faced the fact that the season would pretty much be over in 20 minutes. Tarkanian blamed himself for

200

the first-half performance, saying that he implemented a switching defense to help compensate for Iowa's height advantage. His aim was to keep his small team from facing too many mismatches inside. He confused the Rebels instead,

he said; Iowa scored baskets as if it gere practicing. And on offense, ONLV was missing the three-point shots that had become its trademark this season, hitting just 4 of 17. The outlook was bleak.

"I just never feel that we can't come back, though," said Gary Graham, whose two free throws with 10 seconds left sealed the union "A". seconds left sealed the victory. "At alftime, we were so loose - I didn't care if we were 20 down."

There were no secret strategies to unveil in the second half. Tarkanian simply told his players to return to their man-to-man pressure defense and keep taking it; shots that had helped them win 3. of 37 games— one victory short of the NCAA re-

tended for Gerald Paddio, a lanky forward whose speciality is the three-point shot. Paddio had been been a disappointment, but the shumping the last month of the sea-prospect of being routed would son and missed all five three-pointers in Sunday's first half. "I knew that it was either I was going to ch Jerry Farkanian knew what crit- start making that shot or we were

Paddio found the range early in the second half, hitting a three-pointer to cut Iowa's lead to 64-52. From then on, the margin melted like butter. UNLV scored 10 consecutive points, then 14 more after Brad Lohans interrupted the comeback with a lay-up. Paddio had 9 of the points in the second streak, all on three-point baskets (UNLV made 11 of 30 overall).

With a little more than eight minutes to play, the Rebels had charged to a 71-66 lead.

"We knew at halftime that it was far from over," said Tom Davis, the Iowa coach. "When you have two running teams playing, you'll see bigger shifts in momentum. They just did everything better than we did in that half."

The smaller Rebels even outrebounded lows after halftime, and finished the game even (33-33) in that department. The Hawkeyes had not been outrebounded in any game this season. But led by Armon Gilliam, the 6-foot-9 (2.05meter) power forward who is their only true inside player, the Rebels were preventing lows from getting second and third shots. Gilliam paced both teams with 27 points

and 10 rebounds. Iowa was no stranger to comebacks this season. The Hawkeyes, who finished 30-6, were behind by as many as eight points when their guards, D.J. Armstrong and Kevin Gamble, brought them to within one — 82-81 — with 32 seconds

Iowa's style mirrors that of the Rebels, and its zone press forced a turnover when UNLV could not get the ball across midcourt in the allotted 10 seconds. With 22 sechaus, hit the backboard and caromed out of bounds.

The Rebels' Graham was fooled and hit both free throws, and the game ended as Gamble's desperation three-pointer did not come

came back," Tarkanian said. "I thought we were living on borcord set by Duke last year. rowed time. You just don't or His message was especially in back against a team like that." rowed time. You just don't come



Forward Eldridge Hudson, after UNLV's net victory over Iowa.



ON TARGET — Ben Crenshaw shot a 5-under-nar 67 Sunday to win the 13th title of his PGA career, a 3-stroke victory over Curtis Strange in the USF&G Classic in New Orleans. Crenshaw had six birdies; he one-putted 10 times and made two other par-saving second putts of 8 to 10 feet.

Defensive Pressure Helps Edge Mistake-Prone LSU, 77-76

CINCINNATI - In a game that lived up to its billing as a test of muscle and will, Indiana relied on resilience and capitalized on mistakes to defeat Louisiana State, 77-76, here Sunday to earn a semifinal berth in the NCAA basketball tournament.

Indiana is the first Big Ten team to gain the Final Four since the it won the 1981 national

championship.

The Hoosiers trailed by 12 points in the second half, but used half-court traps and a string of outstanding individual defensive efforts to spatch away what seemed to be a fairytale victory from underdog LSU.

Rick Calloway, Indiana's 6-foot-6 (1.98-meter) forward, banked in Daryl Thomas's air ball with seven seconds left to give Indiana a onepoint lead. After the teams traded time-outs -SU first, then Indiana — a turnaround jump shot by LSU's Nikita Wilson missed at the

"Somebody said that Indiana's expected to win," said Bobby Knight, the winning coach. "I wasn't sure we could beat this team. I thought this team was as good a collection of athletes playing hard as I'd seen all season long, and they work like hell on the defensive end

Then Knight spoke of his own squad. "I have a tremendous feeling for these kids," he said. "When these kids were freshmen, they came within two plays of going to the NCAA finals." Steve Afford, the all-America guard, led Indiana with 20 points - 18 in the first half. Dean Garrett, the Hoosiers' 6-10 center, scored 17 points and pulled in 15 rebounds. Thomas

earlier in the half and had to be helped from the side, the control player in the spread. court, scored 11. Keith Smart added 10 points.

"We had plenty of time," said Calloway, who had reinjured his heavily taped right knee with 14:31 left in the game. "Daryl's man challenged him and I saw the ball come my way. Usually you grab the ball, come down and then go back up, but I thought if I can just get it back up again....They had bigger guys inside, and I thought I might not get off another good shot. I had good control — I just put it on the glass, and let the glass put it in for me."

LSU called a time-out, then Indiana countered when the teams came on the court and Knight had a look at the LSU formation. Instead of playing man-to-man, as LSU expected, the Hoosiers played a three-quarter press. Fess Irvin weaved through it, fired a pass into Wilson, the Tigers' 6-8 center who had already scored 20 points. With a second left, Wilson turned and fired, but the ball hit the rim and bounced off.

With Bernard Woodside shadowing Alford in a box-and-one, LSU broke from a 47-46 halftime deficit with seven straight points and led by 75-66 with 4 minutes 38 seconds left on a basket by Irvin, the freshman guard. But that's when the Tigers' slide began.

After Anthony Lewis missed a three-pointer,

Garrett dunked to make it 75-68. Joe Hillman, who had been put in for Smart, stole a pass from Irvin and drove for the basket; he scored and drew Woodside's fifth foul. Not only would the foul hurt LSU defensive-

ly, but later, when the Tigers tried to run a

added 16 points and Calloway, who was injured spread offense, they would sorely miss Wood-Hillman's conversion of the foul shot cut the

lead to 75-71 with 3:45 left. Jose Vargas then lost the ball, and a pair of foul shots by Thomas cut the lead to 75-73. Smart then made one of the plays of the game. when he blocked the ball away from Darryl Joe on a three-on-two break. "That was as good a defensive play under the circumstances as I've seen." Knight said. "He got his hand on the ball, avoided the contact and we came up with

Thomas missed a jumper and Smart fouled Joe, who converted one of two with 50 seconds

Smart missed again but Thomas was fouled by Irvin. He made both shots with 40 seconds left and Indiana trailed, 76-75.

Irvin was fouled by Calloway with 26 seconds to go. LSU's third-best foul shooter, at 79.7 percent, Irvin missed on the first shot and nas got the rebound.

Indiana raced downcourt without calling a time-out and set up the final winning sequence. with Thomas and Calloway.

"I'm not a believer in setting up plays," Knight said when asked why he hadn't called for time. "I have enough confidence in them knowing what we want done and what our strengths are."

Louisiana State (24-15) was the only team from last year's field of eight to reach that stage this year. Sunday's loss, said Coach Dale Brown, was "a javelin through my stomach and

Nettles, 42, Itching to Make a Comeback "They know I can field," Nettles it plain to the Braves that "money is

By Shirley Povich Washington Post Service

FORT LAUDERDALE, Florida - He was named the sixth captain in New York Yankee history in 1982 and nobody was better serving their image as baseball's destroyers, the game's long-ball team. His 32 home runs led the American League in 1976. When Reggie Jackson was supposed to be the team's prime muscle man in 1978, this fellow was equaling Jackson's home run production and driving in more game-winning runs.

This was Graig Nettles, and could be field? In back-to-back years, they voted him gold gloves as the American League's finest third baseman. His diving grabs of screaming shots down the line were his copyright. It's in the books that he has made more assists and started more double plays than anybody else who ever played third base. He surpassed Brooks Robinson as the league's third baseman who hit the most home runs in his career. And that was six years ago.

So what's new with Nettles? A lot. Technically, he's out of a job for the first-time in 22 baseball seasons and is in the Atlanta Brave training camp trying to prove that, at 42, a man can still play this demanding game.

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sis, an on-approval deal with no has been stinging the ball in camp, guarantees, not a prideful arrange-ment for a man with his imposing

About his wondrous skills at credentials - one who not only has played on five pennant winners and was the best third baseman of his time, but also has hit 384 major league home runs.

...But I'm happy with the chance they're giving me, and I'm accepting this role of part-time player, coming off the bench when they need me," he said. "I want to make them glad they're giving me this shot. I think I can belp this

Of the Braves, he said, "Nobody else would give me a shot," after the San Diego Padres declined to renew his contract. "My agent, Jerry Kapstein, called all around and all he got was a lot of maybes, which told us they were uninterested. Finally, Bobby Cox" -- Atlanta's general manager — "called and said 'Come on in."

spearing those incipient blue-darter line drives at third, Nettles offered a comment: "The odd thing is that I never felt the ground under me when I went flat out to make those belly-dive plays. But when I missed one, the ground seemed to come up and hit me hard."

His present job is to impress Tanner that he's a good bet to come off the bench when the Braves need a pinch-hit against a right-hander, or a late-inning replacement at did hit 16 home runs, one more

said Ted Turner, the owner whose Braves finished last in its division in 1986. "We know he can't run." Everybody knows, including Netstory: an old buddy, now in a com- tles himself, that he doesn't run manding position with a ballclub, well. He stole only one base in his giving a friend a new shot. When last four years with the Yankees, Cox was with the Yankees as a but he wasn't paid to run. He had

mean he is down and out. He's made already sparkling resume.

maybe gobs of it. He's in camp here said. "Now I want to show [Managon what they call a "look-see" baer] Chuck Tanner I can still hit." He about that." Last season, the Padres paid him between \$800,000 and \$900,000 and he is not a supplicant. It's the proof that he can still play this game that he wants.

It has been a learning experience for him, this part-time status. "I've been asking [Atlanta catcher] Ted Simmons how he adjusted to it. what he had to do mentally, how he geared himself up to getting the most out of himself. I'm serious about this." Of his 42 years, he indicated "they don't ask your age if you make the big play or hit one

third base. His last season with the George Steinbrenner, the Yankee Padres was a poor .218, the worst owner, said about him in one of his hitting season of his career, but he peevish moods 10 years ago. George said I had the kind of a body that would break down at the age of 34. I didn't believe him then,

One of the things spurring on Nettles is a recent comment by Tanner: "Third base on this club is open." In that case, Nettles, despite his stated willingness to play parttime, would be willing to accept full responsibility for the position. Which, at two score and two, would Although he is jobless, it doesn't be a most fascinating chapter in his

SCOREBOARD

Transition

MASHBALL minor-leage comp for reassignment. Tradec Francisco Melendez, Infielder, to San Fran-Proncisco Melenolez, Infletder, to Son Fran-cisco for a player to be named lotter, or cosh, PITTSBURGH—Optioned Stan Funtier, shcher, and Rechen Rodriesez, cotcher, to Vancouvier of the Pacific Cost Laques, Sent Lee Tuncell, Mark Ross and Orlando Lind. catcher, his oncouditions relea KANSAS CITY—Sent Bill Swi Theo Show, pitchers; Van Solder, outfi Butch Davis, outfletter, to its minor league comp for recognigament. er : Ma' - Ambruse, pitcher, and Kelth Smith, infleider, Sent Joey Meyer, first basemen : Al

League, Refurbed Was Plarorazio a Rannero, pitchers, to Partiand. Opti

on, puffielder: Julius McDougol, inf , and Bas Blanchi, Al-Salton, and Donny ay, Pilchers, to Partland, Optioned Larry ackness, autholder, to Orienda of the South-Leiter, offichers: Onesies Destructe, infletder:

Roberto Kelly outliekters, to Columbus o International League, Sent Eric Sch ottom; Bob Geren and Fred Gobzalez, o ers, and Chris Alvanez and Jelf Morank

Decast, coucher, to its tainor-k

inficient.
SEATTLE—Quirighted Rich Montele
god Terry Todor, phichers, and Dove Her Christensen, outfleiders, to Cale of the Pacific Coast Legate, Afmou or the indirect Lings (Recogn. Amounts in they will receive Milks Brown, Milks Compbell and Darries Burroughs, pitchers, and Frank Mullius and Mario Diaz. Infletions, for Chicary's Rick Wilson, catcher, to Chaltanops of the Southern-League, and Patrick Lestion, infletior in Refindence of the Northwest

TEXAS Gent Dwayne Henry, Frank Pos-

oils Green, outileiders, to Syrocuse of the International Langue. Optioned Santiago Gratic, second basemen, to Knapville of the outhern League, Sent Slave Davis, Todd fortlemyre, Tony Hudson, Turn Filer, and Sori Sonders, pitchers; Tom Quinton, Infield-y, and Gree David, corcher, to its minor-

Hattonel Leonoe

ATLANTA-Sent Mott West Juon Eicholberg Kevirr Common. Rick Slebert. Pete Settly From Glovine, John Kilner and Citti Stelle pitchers Ald Pards, colcher; Andrew Infendors, and Grey Infendors, and Grey Detaion and Ron. Gont, infielders, and Grey Tubbs and Duncks Hood, outfletders, to its CINCINATI-Traded Deret Botelto, silicher, to Konsos City for Eddle Tonner, in-fleider, dan Pete Corey, outfletder. Assisted Tonner and Correy to Denver of the American Association, Optioned Pat Pacillo, Rob Dibble, Jeff Monsprayery and Milke Kenderia. Mothers: Chris Sapo, in Pelder, and Mark 54 K. colcher, to Hashville of the American As-Piation. Outrighted Hugh Kemp, pitcher, and Joe Officer, catcher, to Nashville, Op-liance Mike Smith, pitcher, and Chris Jones, artificider, to Vermont of the Eastern Leasue. Stated Terry Francona, first basemon, to a

#-year cimitac). MONTREAL---Sold Dann Bilordella, catch-M. Jo Philipurgh, NEW YORK—Sent John Mitchell, Dove Mest, Reagle Doble, Yorn McCarthy, Jose Bau-liste and Betan Glerca, elichers; Gree Olson.

programmes and Luis Sanchez, in the sanchez in the Mor league come for reassignment.
PHILADELPHIA—Announced that Steve CHILADELPHIA—Announces must surve Cartino, pifcher, would not be eithered a con-tract, Sent Richt Lumbhode, Jeti Koye and Duran Lov, catchers: Ken Jockson, Ken Dowelt and Gray Jelks, infleiders: Jian Olander, outheiter, and Marvin Freeman, Bob Scoolon, Torn Newell, Total Freewich.

viol 2 Amietic Bilbon 1 Real Modrid 2 Va Murcia 2. Sevilla 1 Gijon 2, Cadiz 1

na 45; Espanel 42; Atletica Madrid 35; Giljan, Majarca 34; Sevi Belis 32; Marcia 30; Va

Hockey

Fossero, Pitchers, Mike Pitzeerok, first baseroa, and Demis Carter and John Mur-phy, outfielders, to Arkansas of the Texas

Mational Busicettati Association PORTLAND—Promoted Lorry Weinbers, resident, is chairmon of the board of direc-ors. Promoted Horry Glickmon from execu-Mattenal Featball League
CLEVELAND—Agreed to terms
Marry Schaltenheimer, coach, on a

HOCKEY Angeles (on Weeks) Jensen) 11-13-8—12 Vancauver

FOOTBALL

LEGGUE.
SAN FRANCISCO—Optioned Francisco

N.Y. RANGERS—Recalled Pout Fenton

COLLEGE OF IDAHO-

Exhibition Baseball

CUMDAY'S RESULTS Boston & Terestre (ss) 5
Cincinnol 17, N.Y. Mets 3
St. Louis 4 Chicoso White Sox
Houston 15, Detroit 3
Konsos City 4 Pilisburgh (ss) Los Angeles & Alfanu -Minnesofa 11, Montroal 8 N.Y. Yonkes 11, Baltimor Pittsbursh (ss.) 71, Philod 11, Toxos 2 Toronto (SS) 11, Texas 2 Son Francisco 5, Mily

European Soccer

Los Palmos & Sabi Betts 2 Sentender 0
Real Socieded 1, Barcal

NHL Standings

77. Lovisiana State 76 WIST PEGIONAL THE FINAL FOUR (At New Orleans) 27 36 10 64 236 252 27 39 7 61 252 277

NBA Standings WESTERN CONFERENCE Migwest Division Hawarth (23), Duschesna 2 (16), Adoms

Vaponover 2 0 0—2 Wientpeg 7 2 0—3 Olousson (6).Carlyle (14).Hawerchuk (46);

Octor 1 18-20-7-eV.

Chicago 1 1 1-3
R.Y. Romers 4 0 1-6
Dusgay (13), Huber (8), Potrick 2 (10), Peddubny (39); Larmer (27), Okzyk 2 (15), Sebst
es epet: Chicago (on Fraess) 9-10-25; New
York (on Bannerman, Sauve) 9-16-17-e2. Buffalo I 0 2—3 Follong (27), Anderson (2), Amiel (11) ; Pre-Printegerala Brown (7), McCrimmon (10), Kerr (53): Kentes (7), Stats en tool: Pittsburgh (on Hes-tail) 9-9-9-27; Philadelable (an Meloche) 10-30 16 27 30 13—116 28 28 24 21 9—117

Golf

par-72 Lakewood Country Club course in New Orleans: Ben Crenshaw, \$70,000

67-71-66-67---271 47-47-49-78-273 Dick Mast, \$28,647 otr. \$20,667 #-70-65-71--27S Ken Brown, \$14,042 John Mehattey, \$14,042 71-68-68-67-276 Jay Detsing, \$14,842 Breff Upper, \$14,842 69-72-65-70---276 67-49-49-77-076 67-71-66-72-076 69-69-64-72--276 Jay Hoos, 514442 Tom Watson, \$14,042 Sleve Elkington, \$9,37 Mike Sullivan, \$9,375 65-65-70-70-277 Jim Thorpe, \$9,375 on. 59.375 70-68-67-72-277 Mork Lye, \$4,543 Nick Price, \$6,543 73-69-69-62—278 67-70-72-69—278 70-65-73-70-270 69-70-69-70-278 60-70-70-72--278

78-67-68-73---278

and the same of the contract o

Brian Claar, \$6,543

Basketball

Semifinals. March 28 z, 35-6. ys. Providence, 25-8 , 25-4. ys. Nevado-Las Vegas, 37-1

EASTERN CONFERENCE .
Atlantic Division
W L Pcl. 68 .735 — .567 111/₂

SUNDAY'S RESULTS

24; Jordan 14-26 18-20 46, Oakley 9-16 6-9 26 Rebowals: Chicago 44 (Oakley 14); Portions

Voodson 9-162-220, Case 4-97-915, White 7-91 Ty (Glimore 16); Los Angeles 56 (Cope 15). Asalets; Son Antonio 28 (Dowkins 6); Los Angeles 34 (Valentine 19). LA. Lokers on 12-21 8-18 31, Wo Thrus 19-23 13-14 33, Kleine 7-15 9-8 22. Ri boomis: Socromenio 52 (Thorpe 12): Los Al elesől (En. Johnson 12). Assiyis; Socra

Maore 11-19 3-3 25. Glimore 8-14 6-11 22:

MEN'S TOURNAMENT

immy Conners (1), U.S. 43, 34, 6-1, Doubles Final wort, U.S., and Kim Wa NR. U.S., 2-6, 7-6 (7-4), 6-4, WOMEN'S TOURNAMENT (At Delias)

Chris Evert Lloyd (1), U.S., det, Pom Shr ver (2). U.S. 6-1, 6-3.

NCAA Tournament

Tennis

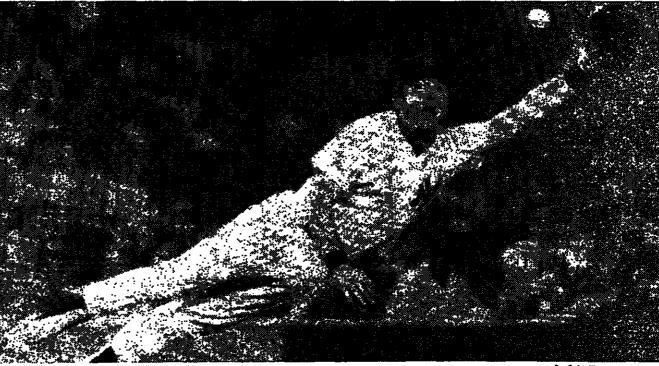
South Africo, def. von Rensburg and Pau

That was it, the familiar baseball coach, he was Nettles's close pal. other virtues. Baseball's buddy system is working

About his wondrous skills at

than in 1985. "I'm interested in Nettles's bat,"

He remembered, he said, what



Third baseman Graig Nettles, making one of his copyright diving grabs during his gold-glove days with the New York Yankees.

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Marriage à la Click

WASHINGTON — The big question is who holds the power in the average American home. Up until recently the answer was up for grabs. Now this has changed. Dr. Jungfreud, a visiting psychiatrist at Paneful University, told me, "The power in the United States rests with the person who controls the TV remote unit."

"Zap!" I said. Studies show the man or woman who has the ability to change a TV channel from bed is the one who will get the respect in the family." the family." "But all one is

doing is selecting programs. doesn't make you a

Buchwald "It's not just controlling a TV set. The person who has his finger on the clicker is making a powerful statement. He is saying in no uncer-tain terms, 'You mess with me and you'll never see Channel 9 again."

I said, "I personally don't care who holds the remote in our family. There are many nights when I've let my wife click it as long as she wants to. We've had no power problem, except on the occasional evening when I have asked her in a very nice way to give the remote back to me and she refused. I got really mad because she knew it was my mrn." 'And what did you do when she

Leningrad Premieres Play by Kurt Vonnegut

Agence France-Presse MOSCOW - A Kurt Vonnegut play was premiered in Leningrad over the weekend, the latest in a series of American plays to be staged in the Soviet Union, the

Tass news agency said. "Happy Birthday, Wanda Jane" was directed by Valeri Grishko at the Vera Kommisarzhevskaya Theater, named after a Russian tragic actress. Georgi Tovstonogov, director of the Leningrad theatrical institute, was quoted as saying that American drama "gives rich food "No one ever told you mixing refor thought about the present-day mote TV with marriage would be

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Dr. Jungfreud asked.
"I told her she wasn't being fair, and that no marriage can survive if one spouse switches channels more than the other." "Did your wife keep the re-

mote?" She did for 'I'll Take Manhat-

tan,' but I took it back when she dozed off during 'People's Court." "Can you tell me how often you've let her use the TV clicker?"
"More than a lot of husbands I

"Yet you feel that when she holds the remote she has the upper hand?

"Not all the time. But I think I should be consulted when she uses the 'mute' button during Dan Rather. She also changes programs without asking me. I'm for women's rights, but how many women in this country do you know who are up to operating a remote button on a 19-inch Sony?

"On the other hand, they have come a long way since the fine tuner was invented." Dr. Jungfrend said. "Frankly I think you are in a power struggle with your wife. Every time she grabs the clicker and goes by the 'A-Team' you feel emasculated."

"Maybe you're right, but what do I do?

"You both have to gain equal control of the channels. This can be done either with a remote TV marital agreement, specifying how much time a person will have to hold the clicker, or, if that doesn't work, by purchasing a second remote so each of you will have your own in bed."

"I like the second idea better than the first. This will give me a chance to zap her Wheel of Fortune' off the screen."

"And she can do the same to your wrestling. It will become a game, and there is nothing like a game to keep two people happy in the bedroom."

"Are couples all over America experiencing the same problem?" I am afraid they are. Most people don't even know they're at war when they're watching TV."

The whole thing seems sick."

Dianne Wiest: Success in Neurosis

By Leslie Bennetts New York Times Service

New York Times Service

New York — She was heard before
she was even seen, but although the
words are those of Lady Macbeth, the
accent was a fractured Polish that immediately sent a wave of laughter rippling
through the audience. When Anka did appear, backing onstage in sweatsocks and a voluminous nightgown, she was holding her hands out and moaning, "Out, damned spot!" Her husband was huddled in bed with a pillow over his head, trying in vain to sleep, but that didn't stop Anka; when she finished Lady Macbeth's soliloquy, she launched into the story of her own life.

Sly, funny and thoroughly subversive, Anka is a hilarious character, and Dianne Wiest made triumphant work of her in "Hunting Cockroaches," which just finished its run at the Manhattan Theater Club. Critical accolades are nothing new for Wiest, who is having something of a banner year. However, Anka — an unem-ployed emigre actress living in a Lower East Side tenement with her husband, whose insomnia is exacerbated by Anka's delight in hiding his sleeping pills — repre-sented something of a departure for Wiest.

Although Anka describes herself as "a nervous wreck," in fact she is irrepressibly cheerful, maintaining a constant stream of high-spirited chatter even at 4 o'clock in the morning and telling jokes to herself when she can't get her husband to listen.

Unlike Anka, many of Wiest's other characters have indeed been nervous wrecks whose humor was entirely inadvertent. Although her stage credits range from Desdemona to Hedda Gabler, Wiest has become best known for a series of anxious. insecure women who seem to be taxed to the breaking point just getting through the

Notable among these are her last two performances in Woody Allen movies. Wiest has already received the New York Film Critics Award and has been nominated for an Academy Award as best support-ing actress for "Hannah and Her Sisters." She plays Holly, the chronically depressed would-be actress who flunks all her auditions, starts a business called Stanislavsky Catering to try to achieve greater success with hors d'oeuvres, and then is wracked by doubt about whether she should become a writer instead.

And in Allen's latest movie, "Radio Days," Wiest created a poignant portrait of the perpetually single aunt so desperate to land a husband that her hopes overwhelm her with every hopeless date, be he homosexual, already married or merely an unre-

But to all her characters, whatever their circumstances, Wiest brings a sense of psychic fragility that is riveting. Some of her characters are in genuinely desperate straits; in her last New York stage appearance, in Arthur Miller's "After the Fall," Wiest gave a shattering performance as Maggie, the famous writer's movie-star wife who is undone by alcohol, druss and her own spiral into madness. Other characters, like Holly, are garden-variety New York neurotics on paper, but in Wiest's hands their vulnerability becomes heartrendingly memorable.

Asked whether such parts reflect her real nature, Wiest grinned. "I know Woody thinks I'm a nut," she acknowledged. Why does he think she's a nut? There was a long pause. "He's probably got his reasons," she said. Well, is she a nut? Another long pause. "I view myself as a sort of normal lady," she ventured, a pronouncement that promptly sent her into gales of laughter. "But of course I'm familiar with deep anxiety." she added. "I'm familiar with neurosis. That's certainly in me, but I would hope that wouldn't be what you would think upon meeting me." More laughter.

Indeed, Wiest seems quite sensible and competent. Then again, she learned early on to create an image for public consump-tion. As the child of a psychiatric social worker in the U.S. Army, Wiest lived in so many different places she has trouble remembering them all. Squinting her eyes — once memorably described as looking as if she had just come in from the rain with her lashes still wet - and wrinkling her snub nose, she tried to list them: "Kansas City, Missouri; Nuremberg, Germany; San Antonio, Denver, Staten Island, Washington, D.C., West Point, Is that all? I think so.

Wiest, whose father and mother met in Algiers and married in Naples, soon learned to adjust to the insecurity of constant change. "It's rough on a kid, having to pull up and leave friends you've made," she said. "It's very painful. There are benefits: You see the world, you develop some sophistication, and when you go to new places you're forced to go through this period of adjustment, which I guess has served me well. But it wasn't like having a hometown and friends you've known all

Nevertheless, Wiest soon opted for an equally insecure life on her own. Although her earliest passion was ballet, getting cast as Cornelia Otis Skinner in a school production of "Our Hearts Were Young and Gay altered her course forever. "I got a couple of laughs, and that was that," she

Wiest remembers all too well the years Mia of course, and Woody."



Wiest in "Hunting Cockroaches."

she suffered through six months of unemployment at a stretch. "There have been long dry periods. I used to say I acted because I couldn't do anything else, which is true, And Γ ve thought about my lack of education, and thought, my god, maybe I could have been a lawyer - that's a much better life. I have gone through periods of regret about it. But I guess I'm doing exactwhat I want to do. This is the first play I've done in two years, and it's like somebody put a fish back in water. I just love it; I don't know why. I just can't get enough of

However, until Wiest became part of Woody Allen's inner circle, the future seemed a scary prospect. "It was rough, financially hard, and just not knowing whether I'd ever have a peaceful livelihood, because you can't make any money in theater. But with Woody, that has eased up. Although nobody else is sending me scripts, I don't feel as if he's going to cast me to the wolves. It's not just a blank slate ahead of me, and that really is because of him. Before that, I was really getting anxious for a more secure situation; I was thinking I'd better get out and try to teach

Her association with Allen, which began with a small role in "The Purple Rose of Cairo," has grown into a bulwark of her existence. "It's like a family now. It's like going back to school every year, come the fall. The same crew is there, the same inematographer, the same cameraman,



"Hannah and Her Sisters."

"It's nice," she added fervently, her gratitude evoking a starving kitten who has just been taken into a loving home and fed a

Personally as well as professionally, the past year has marked a major turning point for Wiest. "I just bought my first home, a co-op on the Upper West Side. I have lived in furnished sublets all my life, which is terribly immature of me, I guess."

However, its size is clearly unsuited to However, its size is clearly unsuited to accommodating Wiesn's long-term fantasy, so once again her thoughts are gravitating insidiously toward moving. "I want a home that my grandchildren can come to," she said dreamily, "a big four-bedroom apartment with a dining room and an eat-in kitchen — a place I'll never have to move from, no matter how big my family should grow to be — that will be like Grandma's place."

First, however, it is necessary to find a mate. A three-year romance with Sam Cohn, her agent, has come to an end, although he will continue to manage her career. "He's one of my closest friends in the world —one of the dearest men I'll ever know," Wiest said softly.

Now, however, it is back to "the search," as she puts it. Fearful of typecasting, she will not reveal her age, but the biological clock is ticking very loudly. "I can't imagine my life without children. I've never been married or had a child, but I want that very badiy." Wistful and eager as one of her own on-screen creations, she added hopefully, "Do you know anybody?"

PEOPLE

Room, Hannah Top

British Academy Awards "A Room With A View" and "Hamah and Her Sisters."
Tilms nominated for this year's U.S. Academy Awards, dominated the 1986 British academy awards in London Sunday night. "A Room With A View," which is up for eight American Oscars on March 30, was American Oscars on March 34, was named best film by the British academy, and Maggie Smith was named best actress for her role as the chaperone, Charlotte Bartlett. The actress Joan Collins presented the best film award to the producer lamed Maggierate who said in Ismail Merchant who said in amazement: "Room With a View" was a small film. It's just done so well." Woody Allen won two awards for best direction and best original screenplay for "Hannah And Her Sisters." Bob Hosking considered an Oscar front-runner. was named best actor for his role as a small-time hood in Neil Jordan's film "Mona Lisa."

Nancy Reagan was honored Sun-day with a medallion from the Metropolitan Opera for encouraging public and private support of the arts. "The Met and you, its individtal and corporate supporters, make beautiful massic together," Mrs. Reagan told 800 people gathered at the \$1 million fund-raiser at the Lincoln Center opera center. Mrs. Reagan was presented with a me-dallion struck in commemoration of the opera house's first 100 year-1883-1983. She was the first person who was not a member or performer of Lincoln Center to be so hon-

Victor Louis, 58, a Soviet jour-nalist considered by many to be an official Soviet conduit for getting elective information to the West, has undergone a liver transplant in Britain and is recovering, hospital officials in London said Sunday. Louis underwent surgery 10 days ago after being diagnosed as having liver cancer.

John Fogerty was named best musicizm of 1986, and the band Journey took four honors, includes ing best group, at the 10th annual Bay Area Music Awards in San Francisco. Fogerty was a member of the group Creedence Clearwater Revival in the 1960s and early 70s and recently emerged from retirement to embark on a solo career.

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